

THAKUR, VAIDYANATH AIYAR & CO.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of DS TOLL ROAD LIMITED

Report on the Financial Statements

We have audited the accompanying (Standalone) financial statements of **DS TOLL ROAD LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the (Standalone) 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 (Standalone) financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these (Standalone) financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid (Standalone) financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Loss and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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 purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. in our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, 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, 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.

For THAKUR VAIDYANATH AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm's registration number:000038N



C V PARAMESWAR
Partner
Membership number: 011541

Place: MUMBAI

Date: 14.05.2016

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book records and the physical fixed assets have been noticed.

(c) The title deeds of immovable properties are held in the name of the company.

2) In our opinion, and according to the information and explanations given to us, the Company does not carry any Inventory. Hence, the reporting requirements under clause (ii) of paragraph 3 of the Order are not applicable to the Company.

3) Based on the audit procedures applied by us and according to the information and explanations given to us the company has not granted any loans to company listed in the register maintained under section 189 of the companies Act 2013.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) We have broadly reviewed the cost records maintained by the company as specified by the Central Government under section 148 (1) of the Act and are of the opinion, that prima-facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they became payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales

tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided and hence not commented upon.;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.


13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For THAKUR VAIDYANATH AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm's registration number:000038N


C V PARAMESWAR
Partner

Membership number: 011541

Place: MUMBAI

Date: 14.05.2016

Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of DS TOLL ROAD 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 **DS TOLL ROAD LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on 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 THAKUR VAIDYANATH AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm's registration number:000038N

C V PARAMESWAR
Partner

Membership number: 011541

Place: MUMBAI

Date: 14.05.2016

DS TOLL ROAD LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

DS Toll Road Limited

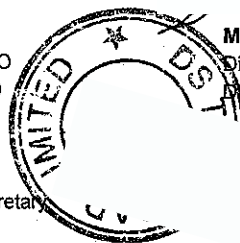
Balance Sheet as at 31st March 2016

	Note	As at March 31, 2016		As at March 31, 2015	
		₹		₹	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	2.1	5,21,00,000		5,21,00,000	
Reserves and surplus	2.2	<u>42,21,45,307</u>	<u>47,42,45,307</u>	<u>51,28,25,028</u>	56,49,25,028
Non-current liabilities					
Long-term borrowings	2.3	3,54,70,54,004		3,70,63,28,000	
Deferred tax liabilities (Net)	2.4	11,14,32,282		15,00,12,228	
Other Long term liabilities	2.5	1,24,95,020		22,68,893	
Long-term provisions	2.6	<u>6,43,308</u>	<u>3,67,16,24,614</u>	<u>4,78,064</u>	3,85,90,87,185
Current liabilities					
Trade payables	2.7	2,99,39,993		41,08,33,441	
Other current liabilities	2.8	17,51,29,099		2,93,83,23,330	
Short-term provisions	2.9	<u>25,656</u>	<u>20,50,94,748</u>	19,031	3,34,91,75,802
Total			<u>4,35,09,64,669</u>		<u>7,77,31,88,015</u>
II. ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	2.10	31,49,946		39,03,259	
Intangible assets	2.11	3,43,88,00,865		3,59,51,57,247	
Intangible assets under development	2.12	<u>60,48,973</u>	<u>3,44,79,99,784</u>	<u>32,76,566</u>	3,60,23,37,072
Long-term loans and advances	2.13		<u>4,21,12,062</u>		13,73,177
Current Assets					
Current investments	2.14		12,03,09,063		11,39,07,400
Cash and Cash Balances	2.15		7,20,00,940		13,02,35,572
Short-term loans and advances	2.16		66,82,08,773		2,96,53,58,489
Other current assets	2.17		3,34,047		95,99,76,305
Total			<u>4,35,09,64,669</u>		<u>7,77,31,88,015</u>
Significant Accounting Policies and Notes on Financial Statements	1 & 2				

As per our report of even date.

For Thakur, Vaidyanath Aiyar & Co.Chartered Accountants
Firm Regn. No. 000038N

For and on behalf of the Board

C. V. Parameswar
Partner
Membership No. 11541**Kaushik Pal**
Director & CEO
DIN:05237230**Madan Biyani**
Director & CFO
DIN:07130371**Prachi Potnis**
Company SecretaryPlace: Mumbai
Date: 14th May 2016Place: Mumbai
Date: 14th May 2016

DS Toll Road Limited

Statement of Profit and Loss for the year ended 31st March 2016

	Note	Year ended March 31, 2016 ₹	Year ended March 31, 2015 ₹
Revenue			
Revenue from operations	2.18	58,74,23,984	63,36,08,052
Other income	2.19	6,17,66,750	38,20,80,929
Total Revenue		64,91,90,734	1,01,56,88,981
Expenses			
Employee benefit expenses	2.20	39,45,442	15,72,896
Finance costs	2.21	36,88,68,428	38,63,21,425
Depreciation and amortisation expenses	2.10, 2.11	15,78,33,181	15,14,42,598
Other expenses	2.22	24,78,03,349	11,87,51,207
Total Expenses		77,84,50,400	65,80,88,126
Profit before Tax		(12,92,59,666)	35,76,00,855
Tax Expenses			
Current Tax		-	7,35,11,409
Deferred tax (assets)/liabilities (net)		(3,85,79,945)	10,28,81,639
		(3,85,79,945)	17,63,93,048
Profit (Loss) after Tax		(9,06,79,721)	18,12,07,807
Earnings Per equity share (Face Value of ₹ 10 per share)			
Basic & Diluted	2.23	(17.40)	34.78
Significant Accounting Policies and Notes on Financial Statements	1 & 2		

As per our report of even date.

For Thakur, Vaidyanath Aiyar & Co.Chartered Accountants
Firm Regn. No. 000038N**C. V. Parameswar**
Partner
Membership No. 11541Place: Mumbai
Date: 14th May 2016

For and on behalf of the Board

Kaushik Pal
Director & CEO
DIN:05237230**Madan Biyani**
Director & CFO
DIN:07130371**Prachi Potnis**
Company SecretaryPlace: Mumbai
Date: 14th May 2016

DS Toll Road Limited

Cash Flow Statement for the year ended 31st March 2016

	Year ended March 31, 2016 ₹	Year ended March 31, 2015 ₹
A Cash Flow from Operating Activities		
Profit before Taxation	(12,92,59,666)	35,76,00,855
Adjustments for:		
Depreciation	15,78,33,181	15,14,42,598
Interest and Finance Charges	36,88,68,428	38,63,21,425
Interest Income	(5,47,21,733)	(37,49,62,054)
Dividend Income	(64,01,663)	(68,86,852)
Profit on sale of Investments	-	-
Operating Profit before Working Capital Changes	33,63,18,547	51,35,15,972
Adjustments for:		
Trade and Other receivables	3,26,24,58,917	14,07,84,838
Trade and Other Payables	(3,25,98,49,684)	(12,85,52,171)
	33,89,27,780	52,57,48,639
Income Taxes Paid (Net of refund)	-	(4,61,00,000)
Net Cash generated from Operating Activities	[A] 33,89,27,780	47,96,48,639
B Cash flow from Investing Activities		
Purchase of fixed assets and capital advances	(29,79,607)	(37,65,587)
Purchase of investments	(64,01,663)	(78,80,398)
Investment in fixed deposits (net)	12,48,00,000	(12,48,00,000)
Dividend Received on Investments	64,01,663	68,86,852
Interest Income	77,99,619	76,41,944
Net Cash in investing activities	[B] 12,96,20,012	(12,19,17,189)
C Cash flow from/ (used in) Financing Activities		
Repayment of Long Term borrowings	(3,31,13,996)	(4,38,00,000)
Interest and Finance Charges	(36,88,68,428)	(38,63,21,425)
Net cash used in Financing Activities	[C] (40,19,82,424)	(43,01,21,425)
Net (Decrease)/ Increase in Cash and Cash equivalents	[A+B+C] 6,65,65,368	(7,23,89,975)
Cash and Cash equivalents as at the commencement of the year (Opening Balance)	54,35,572	7,78,25,547
Cash and Cash equivalents as at the end of the year (Closing Balance)	7,20,00,940	54,35,572
Net (Decrease)/ Increase in Cash and Cash equivalents	6,65,65,368	(7,23,89,975)

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

As per our report of even date.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
Firm Regn. No. 000038N

For and on behalf of the Board

C. V. Parameswar
Partner
Membership No. 11541

Kaushik Pal
Director & CEO
DIN:05237230

Madan Biyani
Director & CFO
DIN:07130371

Prachi Potnis
Company Secretary

Place: Mumbai
Date: 14th May 2016

Place: Mumbai.
Date: 14th May 2016

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

INTRODUCTION:

The Company has been awarded on Build, Operate and Transfer (BOT) basis, the widening of existing two-lane covering 53.325 kms stretch from Km 373.275 (Start of proposed flyover at Dindugal Bypass) to- Km 426.60 (Samyanallore) Section of National Highway No.7 in the State of Tamilnadu and operation and maintenance thereof, under the Concession Agreement dated January 30, 2006 with National Highways Authority of India. The Concession Agreement is for 20 years from the appointed Date stated in clause 1.1 of the said agreement.

1 SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of Preparation

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

1.2 Financial Statements: Presentation and Disclosures:

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

1.3 Fixed Assets and Intangible assets under development

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

Toll Collection Rights have been accounted as intangible asset. The cost incurred on the project activity towards reconstruction, strengthening widening of the toll road on build operate and transfer basis (BOT), Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

Intangible Assets are recognized when it is probable that the future economic benefits that are attributed to the assets will flow to the Company and the cost of the assets can be measured reliably.

1.4 Taxation

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

1.5 Depreciation

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

Toll Collection Rights are amortized over the concession period on the basis of projected toll revenue which reflects the pattern in which the assets' economic benefits are consumed. The projected total toll revenue is based on the independent traffic volume projections. Amortization is revised in case of any material change in the expected pattern of economic benefits. The same is in line with Schedule II to the Act.

Specialized software is amortized over a period of three years.

1.6 Revenue Recognition

Toll Collection from users of facility (except for dues from Government department /corporations) are accounted for as and when the amount is due and recovery is certain.

Toll revenue from operations of the facility is accounted on receipt basis. Insurance and other claims are recognized as revenue on certainty of receipt on prudent basis. Dividend on investment is recognized when the right to receive the payment is established.

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

1.7 Investments

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Long Term Investments are stated at cost. In the case of long term investments, provisions / write-down is made for permanent diminution in value.

1.8 Employee Benefits

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

1.10 Impairment of Assets

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

1.11 Government Grants

Grants from National Highway Authority of India (Government authority and a promoter) towards capital expenditure are treated as Capital Reserve in compliance with Accounting Standard 12, "Accounting for Government Grants" as prescribed by Companies (Accounting Standard) Rules, 2006.

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

1.12 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial year of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.13 Provisions

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

1.14 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

1.15 Cash and Cash Equivalents

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

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

Note 2.1 Share Capital

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Authorized		
Equity Shares of ₹ 10 par value		
10,00,00,000 (10,00,00,000) equity shares	1,00,00,00,000	1,00,00,00,000
	<u>1,00,00,00,000</u>	<u>1,00,00,00,000</u>
Issued		
Equity Shares of ₹ 10 par value		
52,10,000 (52,10,000) equity shares	5,21,00,000	5,21,00,000
	<u>5,21,00,000</u>	<u>5,21,00,000</u>
Subscribed and fully Paidup		
Equity Shares of ₹ 10 each fully paid up		
52,10,000 (52,10,000) equity shares (All Shares are held by Reliance Infrastructure Limited, the Holding Company and it's nominees)	5,21,00,000	5,21,00,000
	<u>5,21,00,000</u>	<u>5,21,00,000</u>
Reconciliation of shares		
No. of shares at the beginning of the year	52,10,000	52,10,000
Add : No. of Shares Issued during the year	-	-
No. of Shares at the end of the year	<u>52,10,000</u>	<u>52,10,000</u>

Rights, Preferences and Restrictions -

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.

Shareholders holding more than 5% of shares :

Name of the shareholders	No. of Shares	%	No. of Shares	%
Reliance Infrastructure Limited	52,10,000	100%	52,10,000	100%

Note 2.2 Reserves and Surplus**Capital Reserves**

Grant Received from NHA

Opening Balance	31,00,00,000	31,00,00,000
Addition during the year	-	-
Closing Balance	<u>31,00,00,000</u>	<u>31,00,00,000</u>

Surplus as per Statement of Profit & Loss

Opening Balance	20,28,25,028	2,16,17,221
Net Profit/(loss) for the year	<u>(9,06,79,721)</u>	<u>18,12,07,807</u>
Closing Balance	<u>11,21,45,307</u>	<u>20,28,25,028</u>
	<u>42,21,45,307</u>	<u>51,28,25,028</u>

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

	As at March 31, 2016		As at March 31, 2015	
	Non Current ₹	Current * ₹	Non Current ₹	Current * ₹
Note 2.3 Long Term Borrowings				
A) Secured				
Term loans from Banks	2,37,51,24,044	12,30,60,000	-	-
Term loans from Financial Institutions	70,39,29,960	3,63,00,000	3,23,83,28,000	3,32,00,000
	3,07,90,54,004	15,93,60,000	3,23,83,28,000	3,32,00,000
B) Unsecured				
Sub Ordinate Debts from Reliance Infrastructure Limited (Holding Company)	46,80,00,000	-	46,80,00,000	-
Repayment based on available cash flow after repayment of the entire secured loans to Lenders and carries 0% interest				
Total (A+B)	3,54,70,54,004	15,93,60,000	3,70,63,28,000	3,32,00,000

* Current Maturities of Long term debt disclosed under other current liabilities (Refer Note 2.8)

Secured By :-

- First charge by way of hypothecation of all the Borrower's movables, including movable plant and machinery, machinery spares, tools and
 - a first charge on the Borrower's cashflows & receivables including revenues of whatever nature, present or future wherever arising, provided
 - a first charge on all intangibles including but not limited to goodwill and uncalled capital, present and future, excluding the Project Assets and a
 - Pledge of shares held by the Sponsor in demat form in equity share capital of the company.
- e) Repayment Terms :- The repayment of loan from bank started from 30 Jun 2012 payable in 48 quarterly installments and from financial institution started from 30th June 2015 payable in 36 instalments.

Maturity Profile of Secured loans are as under:

Particulars	Rupee Loan		Total
	From Banks	From FI	
FY 2016-17	12,30,60,000	3,63,00,000	15,93,60,000
FY 2017-18	17,41,60,000	5,16,00,000	22,57,60,000
FY 2018-19	22,52,60,000	6,69,00,000	29,21,60,000
FY 2019-20	29,72,20,000	8,79,00,000	38,51,20,000
FY 2020-21	30,75,00,000	9,09,00,000	39,84,00,000
FY 2021-22	40,97,00,000	12,15,00,000	53,12,00,000
FY 2022-23 onwards	96,14,89,004	28,49,25,000	1,24,64,14,004
Total	2,49,83,89,004	74,00,25,000	3,23,84,14,004

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Note 2.4 Deferred Tax Liabilities (Net)		
Deferred Tax Liability on account of: Depreciation difference	A 33,54,76,833	31,27,33,081
Deferred Tax Assets on account of: Provisions	2,31,515	1,68,963
Loss	22,38,13,036	16,25,51,891
	B 22,40,44,551	16,27,20,853
Total (A -B)	11,14,32,282	15,00,12,228
Note 2.5 Other Long Term Liabilities		
Retention Payable	1,24,95,020	22,68,893
Total	1,24,95,020	22,68,893
Note 2.6 Long Term Provisions		
Provision for employee benefit: Leave Encashment	6,43,308	4,78,064
Total	6,43,308	4,78,064
Note 2.7 Trade Payables		
Trade Payables (Amount due to MSME Nil - Refer note no. 2.27)	2,99,39,993	41,08,33,441
Total	2,99,39,993	41,08,33,441
Note 2.8 Other current Liabilities		
Current maturities of long-term debts (Refer note No 2.3)	15,93,60,000	3,32,00,000
Other Current Liabilities	1,57,69,099	2,90,51,23,330
Total	17,51,29,099	2,93,83,23,330
Note 2.9 Short Term Provisions		
Leave Encashment	25,656	19,031
Total	25,656	19,031

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

Note 2.10 Tangible Assets

Particulars	Gross Block			Depreciation/Amortisation			Net Block	
	As at April 1, 2015	Additions during the Year	As at March 31, 2016	As at April 1, 2015	Additions during the Year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Buildings*	10,08,900	-	10,08,900	1,90,488	39,136	1,99,624	8,09,276	8,48,412
Plant & Machinery	33,22,431	2,07,200	35,29,631	9,63,066	6,48,562	16,11,628	19,18,003	23,59,365
Furniture and Fixtures	14,22,989	-	14,22,989	7,48,679	2,68,868	10,17,547	4,05,442	6,74,310
Vehicles	44,500	-	44,500	38,328	3,947	42,275	2,225	6,172
Computer	12,51,115	-	12,51,115	12,36,115	-	12,36,115	15,000	15,000
Total A	70,49,935	2,07,200	72,57,135	31,46,676	9,60,513	41,07,189	31,49,946	39,03,259
Previous Year	65,60,973	4,89,022	70,49,995	20,97,533	10,59,142	31,46,676	39,03,259	

Note 2.11 Intangible Assets**

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2015	Additions during the Year	As at March 31, 2016	As at April 1, 2015	Additions during the Year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Toll Collection Rights***	4,27,43,12,010	5,16,286	4,27,48,28,296	67,91,54,763	15,68,72,668	83,60,27,431	3,43,88,00,865	3,59,51,57,247
Computer Software	3,10,173	-	3,10,173	3,10,173	-	3,10,173	3,43,88,00,865	3,59,51,57,247
Total B	4,27,46,22,183	5,16,286	4,27,51,38,469	67,94,64,936	15,68,72,668	83,63,37,604	3,43,88,00,865	3,59,51,57,247
Previous Year	4,27,46,22,183	-	4,27,46,22,183	52,90,81,480	15,03,83,456	67,94,64,936	3,59,51,57,247	

Note 2.12 Intangible Assets under Development**

	As at March 31, 2016	As at March 31, 2015
Electronic Toll Collection - DSTR	60,48,973	32,76,566

*Note - The Company being the member & Owner of the said flat in the society were allotted 5 fully paid shares of the face value Rs.50 /- each

** Intangible Assets are other than internally generated.

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Note 2.13 Long Term Loans and Advances		
Unsecured Considered Good		
Security Deposits	15,11,329	5,91,156
Prepaid Expenses	4,06,00,733	7,82,021
Total	4,21,12,062	13,73,177
Note 2.14 Current Investments		
Lower of cost or market value		
Trade Investments		
Investments in Mutual Funds - Quoted		
Reliance Liquidity Fund - Daily Dividend Plan*	12,03,09,063	11,39,07,400
Total	12,03,09,063	11,39,07,400
* Details: -		
- Units - 1,07,982.82 (1,02,254.01)		
- Face value Rs 1114.15/unit (Rs 1114.15/unit)		
- Market value Rs. 12,03,09,062/- (Rs. 11,39,26,307)		
- Lien marked with IDFC on a/c. of DSRA.		
Note 2.15 Cash and Bank Balances		
(A) Cash and Cash Equivalents -		
Balances with banks in -		
Current Account*	1,99,57,778	34,49,288
Fixed Deposit Account	5,00,00,000	-
Cash on Hand	20,43,162	19,86,284
Sub-total (A)	7,20,00,940	54,35,572
(B) Other Bank Balances -		
Deposit with original maturity of more than 3 months but less than 12 months	-	7,38,00,000
Deposit with original maturity of more than 12 months**	-	5,10,00,000
Sub-total (B)	-	12,48,00,000
Total (A +B)	7,20,00,940	13,02,35,572
Note 2.16 Short Term Loans and Advances		
Advance to Vendors	27,47,665	34,81,757
Advance Income Tax (Net of Provision)	1,87,89,885	1,77,55,164
Advance recoverable in cash or in kind or for value to be received	11,59,751	2,07,78,739
Prepaid Expenses	5,11,472	3,42,829
Inter Corporate Deposits	64,50,00,000	2,92,30,00,000
Total	66,82,08,773	2,96,53,58,489
Note 2.17 Other Current Assets		
Interest Accrued on Fixed deposit	7,534	54,29,690
Interest receivable from Inter Corporate Deposits	3,26,513	95,45,46,615
Total	3,34,047	95,99,76,305

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

	Year ended March 31, 2016 ₹	Year ended March 31, 2015 ₹
Note 2.18 - Revenue from Operations		
Sale of services - Toll Collection	58,67,81,797	56,89,41,863
Leasing of Advertisement Space	6,42,187	3,30,750
Income from Toll Operation	-	6,43,35,439
Total	58,74,23,984	63,36,08,052
Note 2.19 - Other Income		
Dividend Income	64,01,663	68,86,852
Interest Income		
On Inter Corporate Deposits	4,69,22,114	36,73,20,110
On Others	77,99,619	76,41,944
Other Income	6,43,354	2,32,023
Total	6,17,66,750	38,20,80,929
Note 2.20 - Employee Benefit Expense		
Salaries and Wages	38,31,214	15,02,938
Contribution to Provident Fund and Other Funds	1,14,228	69,958
Total	39,45,442	15,72,896
Note 2.21 - Finance Costs		
Interest expense	36,86,99,735	38,61,02,305
Other finance charges	1,68,693	2,19,120
Total	36,88,68,428	38,63,21,425
Note 2.22 - Other Expenses		
Toll Operation & Maintenance Expenses	21,05,39,560	4,09,37,814
Electricity Expenses	32,56,270	27,64,287
Insurance	34,05,675	25,57,280
Travelling & Conveyance	12,64,658	6,89,311
Auditors' Remuneration		
- Audit Fees	7,95,794	3,50,000
- Certification Fees	88,700	75,000
Rent, Rates & Taxes	2,25,443	1,75,418
Legal and Professional Charges	2,48,01,734	1,31,26,098
Other Miscellaneous Expenses	34,25,015	18,50,468
Loss on Re-Acquisition of Contract	-	5,62,25,531
Total	24,78,03,349	11,87,51,207

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

2.23 Retirement Benefits:

Disclosure as required by Accounting Standard (AS) - 15 (Revised 2005) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006 are given below:

(A) Defined Contribution Plans

- a) Provident Fund
- b) State defined contribution plans

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

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

(B) Defined Benefit Plans

- a) Gratuity
- b) Leave Encashment

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

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

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

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

(i) Defined Benefit Plan	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Current service cost	0.75	0.32	0.26	0.26
Interest cost on benefit obligation	0.44	0.21	0.18	0.15
Expected return on plan assets	-	-	(0.82)	(0.78)
Net actuarial gain/(loss) recognised during the year	0.53	2.30	0.29	1.66
Current service cost	1.72	2.84	(0.09)	1.31

(ii) Defined Contribution Plan	Provident Fund	
	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in lacs)	(Rs. in lacs)
Current service cost included in Statement of Profit & Loss /Intangible Assets Under Development	6.07	4.87

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

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Present value of obligation	6.69	4.97	4.41	1.82
Less: Fair value of plan assets	-	-	10.81	10.01
Net Asset	(6.69)	(4.97)	6.40	8.18

DS Toll Road Limited
Notes on Financial Statements for the year ended 31st March 2016

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

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening defined benefit obligation	4.97	2.13	1.82	1.60
Interest cost	0.44	0.21	0.18	0.15
Current service cost	0.75	0.32	0.26	0.26
Benefits paid	-	-	-	-
Liabilities assumed on Acquisition/Settled on Divestiture)	-	-	-	-
Actuarial (gains)/loss on obligation	0.53	2.30	2.15	(0.19)
Closing defined benefit obligation	6.69	4.97	4.41	1.82

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

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening fair value of plan assets	-	-	10.01	9.18
Expected return	-	-	0.82	0.76
Contributions made by employer during the year	-	0.08	-	-
Benefits paid	-	-	-	-
Actuarial Gain/(Loss) on plan assets	-	-	(0.02)	0.07
Assets Acquired on Acquisition/ (Distributed on divestiture)	-	-	-	-
Closing fair value of plan assets	-	0.08	10.81	10.01

	Leave Encashment		Gratuity	
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
e) Expected contribution to defined benefit plan for next year	0.19	0.09	Nil	Nil

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

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

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

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Discount rate	7.85%	8.90%	7.85%	8.90%
Expected rate of return on plan assets	-	-	8.25%	8.25%
Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08)	LIC (1994 - 96) published table of Mortality Rates	Published rates under the Indian Assured Lives Mortality (2006-08)	LIC (1994 - 96) published table of Mortality Rates
Proportion of employees opting for early retirement	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages
Retirement Age	58 Yrs	58 Yrs	58 Yrs	58 Yrs
Salary Escalation Rate	7.50%	7.50%	7.50%	7.50%

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

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

2.24 Earning per Share

₹

Particulars		Year Ended March 31st, 2016	Year Ended March 31st, 2015
Basic / Diluted Earning Per Share:			
Profit after taxation as per Statement of Profit and Loss	(A)	(9,06,79,721)	18,12,07,807
Weighted average number of Equity Shares Outstanding	(B)	52,10,000	52,10,000
Basic/ Diluted Earning Per Share (in Rupees)	(A)/(B)	(17.40)	34.78
Nominal value of equity share (in Rupees)		10.00	10.00

2.25 Related party disclosure

As per Accounting Standard -18 as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Company's related parties and transactions are disclosed below:

(a) Name of the Holding Company: Reliance Infrastructure Limited

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

₹

Particulars	Holding Company	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
a) Statement of Profit and Loss Heads:		
Expenses		
i) Toll Operation & Maintenance Expenses	84,52,392	1,18,12,343
ii) Reimbursement of Other Expenses	69,187	33,563
b) Balance Sheet Heads (Closing Balances):		
i) Equity Share Capital	5,21,00,000	5,21,00,000
ii) Subordinate Debts	46,80,00,000	46,80,00,000
iii) Trade Payables & Other payables	32,61,329	3,27,85,41,344

DS Toll Road Limited

Notes on Financial Statements for the year ended 31st March 2016

2.26 Segment Reporting

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

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

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.28 The company has filed arbitration claims against National Highways Authority of India (NHAI) amounting to Rs 82.53 cr. against various claims on account of loss in toll revenue due to delay in COD, cost escalations, delays in payment of Grant etc. Similarly EPC Contractors have raised claims against the company amounting to Rs 48.25 Cr.

2.29 Amounts paid in earlier years towards service tax component on expenses incurred for construction and / or operation activities were accumulated for availing input service tax credit. Based on legal opinion obtained and subsequent reviews, it has been decided that input credit in respect of the same may not be available to the company, in the absence of any eligible output tax payable. Consequently, the tax credit which was hitherto being carried forward has been reversed with corresponding effect to the carrying cost of the asset of Rs. 5,16,286/- and respective expenses of Rs. 2,08,22,601/-.

2.30 Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

As per our attached report of even date

For Thakur, Vaidyanath Aiyar & Co.

Chartered Accountants
Firm Regn. No. 000038N

C. V. Parameswar

Partner
Membership No. 11541

For and on behalf of the Board

Kaushik Pal
Director & CEO
DIN:05237230

Madan Biyani
Director & CFO
DIN:07190371

Prachi Potnis
Company Secretary

Place: Mumbai
Date: 14th May 2016

Place: Mumbai
Date: 14th May 2016