

# **KM TOLL ROAD PRIVATE LIMITED**

## **Financial Statements For The Year Ended March 2015**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of KM Toll Road (P) Ltd.**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of KM Toll Road (P) Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2015 and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. There being no commercial activities, the Statement of Profit and Loss has not been prepared.

**Management's Responsibility for the Financial Statements**

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these 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 thereunder.

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements

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

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2015 and its cash flows for the year ended on that date

### **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by section 143(3) of the Act, we further 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 appears from our examination of those books;
  - c. the Balance Sheet and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the applicable 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, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act

- f. With respect to 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) As per the best estimates made by the management on the basis of opinion taken, the Company is of the view that the ongoing litigations as at the reporting date would not have a material impact on its financial position;
  - ii) Based upon the assessment made by the company, there are no material foreseeable losses on its long term contracts that may require any provisioning.
  - iii) In view of there being no amount(s) required to be transferred to the Investor Education and Protection Fund for the year under audit the reporting under this clause is not applicable.

**Annexure to Auditors' report**

Referred to in our report of even date on the accounts of

**KM Toll Road (P) Limited**

for the year ended on 31<sup>st</sup> March 2015

- (i) a) In our opinion and according to the information and explanations given to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) There is a phased programme for verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) 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.
- (iii) In our opinion, and according to the information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained pursuant to section 189 of the Act. Hence, the reporting requirements under sub-clause (a) and (b) of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for activities relating to the operation and maintenance of intangible assets for collection of toll rights. The activities of the company during the year under audit did not involve purchase of inventory and sale of goods. During the course of our audit, we have neither observed nor been informed by the management of any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits during the period under audit. Consequently, the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under are not applicable.
- (vi) 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.
- (vii) a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;
- b) According to the information and explanations given to us, there are no applicable statutory dues which have not been deposited on account of any dispute.

- c) In view of there being no amount(s) required to be transferred to the Investor Education and Protection Fund for the year under audit the reporting under this clause is not applicable.
- (viii) The accumulated losses of the company as at the Balance sheet date are not more than 50% of the net worth of the company. Further, the company has not incurred cash losses during the financial year as well as in the immediately preceding financial year.
- (ix) Based upon the audit procedures carried out by us and on the basis of the information and explanations provided by the management we are of the opinion that the company has not defaulted in repayment of dues to banks or financial institutions or debenture holders.
- (x) In our opinion, and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the reporting requirements under clause (x) of paragraph 3 of the order are not applicable to the company.
- (xi) In our opinion, and according to the information and explanations given to us, the term loans have been ultimately applied for the purpose for which they are raised.
- (xii) 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 on or by the Company has been noticed or reported during the course of our audit.

**KM Toll Road Private Limited**  
**Balance Sheet as at 31st March 2015**

Particulars	Note No.	As at March 31, 2015		As at March 31, 2014	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share capital	2.1	34,090,000		34,090,000	
Reserves and surplus	2.2	370,061,571	404,151,571	370,061,571	404,151,571
<b>Non-current liabilities</b>					
Long-term borrowings	2.3	7,849,732,996		6,054,952,273	
Other Long term liabilities	2.4	251,685,641		250,205,344	
Long-term provisions	2.5	1,863,948	8,103,282,585	1,546,195	6,306,703,812
<b>Current liabilities</b>					
Other current liabilities	2.6	744,647,062		454,172,024	
Short-term provisions	2.7	77,050	744,724,112	69,488	454,241,512
<b>Total</b>			<b>9,252,158,268</b>		<b>7,165,096,895</b>
<b>II. ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed Assets</b>					
(i) Tangible assets	2.8	2,359,398		3,045,477	
(ii) Intangible assets	2.9	38,603		100,814	
(iv) Intangible assets under development	2.10	9,166,316,856	9,168,714,857	6,833,493,032	6,836,639,323
Long-term loans and advances	2.11		8,225,539		287,158,548
<b>(2) Current Assets</b>					
Cash and cash equivalents	2.12		31,266,837		8,432,333
Short-term loans and advances	2.13		43,951,035		32,866,691
<b>Total</b>			<b>9,252,158,268</b>		<b>7,165,096,895</b>

Significant Accounting Policies and Notes on Financial Statement 1 & 2

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

**For M K P S & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

**For and on behalf of the Board**

**Narendra Khandal**  
Partner  
Membership No. : 065025

**Mayank Jain**  
Director

**Madan Biyani**  
Director

Place: Mumbai  
Date:

Place: Mumbai  
Date:

**KM Toll Road Private Limited**  
**Cash Flow Statement for the year ended 31st March 2015**

Particulars	Year ended March	Year ended March
	31, 2015	31, 2014
	₹	₹
<b>Cash Flow from/ (used in) Operating Activities</b>		
Net Profit/ (Loss) before Tax	-	-
<b>Adjustments for:</b>	-	-
Cash Flow from/ (used in) Operating Activities	<u>-</u>	<u>-</u>
<b>Cash flow from/ (used in) Investing Activities</b>		
Purchase/Acquisition of Fixed Assets	<b>(2,379,732,764)</b>	(3,157,463,158)
Sale of Investments	-	10,830,389
Cash flow from/ (used in) Investing Activities	<b>[B] (2,379,732,764)</b>	<b>(3,146,632,769)</b>
<b>Cash flow from/ (used in) Financing Activities</b>		
Proceeds from Long Term Borrowings	<b>1,794,780,723</b>	2,673,238,509
Interest & Finance Charges	<b>607,786,545</b>	475,984,631
Net cash generated from/ (used in) Financing Activities	<b>[C] 2,402,567,268</b>	3,149,223,140
<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	<b>[A+B+C] 22,834,504</b>	2,590,371
Cash and Cash equivalents as at the commencement of the year (Opening Balance)	<b>8,432,333</b>	5,841,962
Cash and Cash equivalents as at the end of the year (Closing Balance)	<b>31,266,837</b>	8,432,333
<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	<b>22,834,504</b>	2,590,371

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

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

**For M K P S & Associates**  
Chartered Accountants  
Firm's Regn. No. 302014E

**For and on behalf of the Board**

**Narendra Khandal**  
Partner  
Membership No. : 065025

**Mayank Jain**  
Director

**Madan Biyani**  
Director

Place: Mumbai  
Date:

Place: Mumbai  
Date:



## **KM Toll Road Private Limited**

### **Significant Accounting Policies and Notes to Financial statements forming part of accounts for year ended 31st March 2015**

#### **INTRODUCTION:**

The Company has been awarded on Design, Build, Finance, Operate and Transfer (DBFOT) basis strengthening of the existing carriageway from Km. 00.000 to Km. 73.400 on the Gandhidham (Kandla) – Mundra section of National Highway No. 8A in the State of Gujarat and widening of existing 2 lane to 4/ 6 lane and its improvement, operation and maintenance through a concession on Design, Build, Finance, Operate and Transfer (DBFOT) basis under the Concession Agreement dated March 10, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 25 years from January 19, 2011, being the appointed date. The Company is a wholly owned subsidiary of Reliance Infrastructure Ltd, a public company registered as per section 3 of the Companies Act, 1956.

#### **1 SIGNIFICANT ACCOUNTING POLICIES:**

##### **1.1 Basis of Preparation Of Financial Statements :**

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

##### **1.2 Financial Statements: Presentation and Disclosure**

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 Use of Estimates :**

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

##### **1.4 Fixed Assets :**

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

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

Intangible assets are stated at acquisition cost less accumulated amortization.

##### **1.5 Investments :**

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

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

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

**1.6 Borrowing Costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**1.7 Revenue Recognition :**

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

**1.8 Depreciation And Amortization :**

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

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

**1.9 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 Accounting for Taxes on Income :**

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

**1.11 Foreign Exchange Transactions**

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

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

**1.12 Impairment of Assets**

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

**1.13 Provisions :**

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

**1.14 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 recognised because it is probable that an outflow of resources will not be required to settle the obligation . However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

**KM Toll Road Private Limited**  
**Notes to Financial Statements for the year ended 31st March 2015**

**Note 2.1 Share Capital**

	31-Mar-15 ₹	31-Mar-14 ₹		
<b>Authorized</b>				
<b>Equity Shares Rs. 10 par value</b>				
1,00,00,000 (1,00,00,000) Equity Shares	100,000,000	100,000,000		
	<u>100,000,000</u>	<u>100,000,000</u>		
<b>Issued, Subscribed and Paidup</b>				
<b>Equity Shares Rs. 10 par value</b>				
3409000 (3409000) equity shares	34,090,000	34,090,000		
	<u>34,090,000</u>	<u>34,090,000</u>		
<b>Reconciliation of shares</b>				
No. of shares at the beginning of the year	3,409,000	3,409,000		
Add : No. of Shares Issued during the year	-	-		
No. of Shares at the end of the year	<u>3,409,000</u>	<u>3,409,000</u>		
<b>Shares held by</b>	<b>No.of Shares</b>	<b>Amount</b>	<b>No.of Shares</b>	<b>Amount</b>
- Its Holding Company (M/s Reliance Infrastructure Limited)	3,408,999	34,089,990	3,408,999	34,089,990

**Shareholders holding more than 5% of shares :**

Name	No.of Shares	Amount	No.of Shares	Amount
Reliance Infrastructure Limited (99.99%)	3,408,999	34,089,990	3,408,999	34,089,990

**Note 2.2 Reserves and Surplus**

**Securities Premium Reserve**

Opening Balance	305,910,000	305,910,000
Addition during the year	-	-
Closing Balance	<u>305,910,000</u>	<u>305,910,000</u>

**Surplus as per Statement of Profit and Loss**

Opening Balance	64,151,571	64,151,571
Transferred from Statement of Profit and Loss	-	-
Closing Balance	<u>64,151,571</u>	<u>64,151,571</u>
<b>TOTAL</b>	<u><u>370,061,571</u></u>	<u><u>370,061,571</u></u>

**KM Toll Road Private Limited**  
**Notes to Financial Statements for the year ended 31st March 2015**

	31-Mar-15 ₹	31-Mar-14 ₹
<b>Note 2.3 Long Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term loans</b>		
In Indian Currency ( from Banks)	4,574,932,996	3,815,017,273
<b>(b) External Commercial Borrowings</b>		
In Foreign Currency ( from Financial Institution)	912,500,000	539,235,000
Secured by:		
a) First mortgage and charge of all immovable properties, present and future, save and except the project Assets.		
b) First charge by way of hypothecation of all movable assets, both present and future, save and except the project Assets.		
c) First charge on all intangible assets save and except Project assets.		
d) First Charge on receivables, book debts, cash and cash equivalents including any other bank accounts and other assets, present and future.		
e) First Charge on government approvals, insurance policies, uncalled capital, project documents, guarantees, letter of credit, performance warranties, indemnities and securities given to the Company.		
<b>Repayment Terms for Indian Banks :-</b> The repayment of loan start from 1st Dec 2014 in 44 quarterly installments and will be paid till 31st Sep 2025.		
<b>Repayment Terms for ECB :-</b> The repayment of loan will start from 15th Jun 2016 in 33 quarterly installments and will be paid till 15th Jun 2024.		
<b>Unsecured</b>		
Sub Ordinate Debts from Holding Company	2,362,300,000	1,700,700,000
<b>Total</b>	<b>7,849,732,996</b>	<b>6,054,952,273</b>
<b>Note 2.4. Other Long Term Liabilities</b>		
Retention Payable	251,685,641	250,205,344
<b>Total</b>	<b>251,685,641</b>	<b>250,205,344</b>
<b>Note 2.5 Long Term Provisions</b>		
Provision for employee benefit		
- Leave Encashment	1,863,632	1,481,889
- Gratuity	316	64,306
<b>Total</b>	<b>1,863,948</b>	<b>1,546,195</b>
<b>Note 2.6 Other current Liabilities</b>		
Current maturities of Long term Borrowings	266,300,000	33,287,500
Interest accrued but not due	3,018,810	1,117,431
Creditors for Capital Expenditure	470,774,292	407,371,487
Other Current Liabilities	4,553,960	12,395,606
<b>Total</b>	<b>744,647,062</b>	<b>454,172,024</b>
<b>Note 2.7 Short Term Provisions</b>		
Provision for leave encashment	77,050	69,488
<b>Total</b>	<b>77,050</b>	<b>69,488</b>

**KM Toll Road Private Limited**  
**Notes to Financial Statements for the year ended 31st March 2015**

**Note 2.8 Tangible Assets**

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2013	Additions	As at March 31, 2015	As at April 1, 2013	Additions during the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2013
Vehicles	48,022	-	48,022	17,411	5,282	22,693	25,329	30,611
Furniture and Fixtures	491,049	-	491,049	195,546	50,706	246,252	244,797	295,503
Buildings	1,628,600	-	1,628,600	50,692	48,858	99,550	1,529,050	1,577,907
Office Equipments	1,563,872	-	1,563,872	422,416	581,234	1,003,650	560,222	1,141,456
<b>Total Tangible Assets</b>	<b>3,731,543</b>	<b>-</b>	<b>3,731,543</b>	<b>686,065</b>	<b>686,080</b>	<b>1,372,145</b>	<b>2,359,398</b>	<b>3,045,477</b>

**Note 2.9 Intangible Assets**

Particulars	Gross Block			Amortisation			Net Block	
	As at April 1, 2013	Additions	As at March 31, 2015	As at April 1, 2013	Additions during the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2013
Computer Software	772,058	-	772,058	671,244	62,211	733,455	38,603	100,814
<b>Total Intangible Assets</b>	<b>772,058</b>	<b>-</b>	<b>772,058</b>	<b>671,244</b>	<b>62,211</b>	<b>733,455</b>	<b>38,603</b>	<b>100,814</b>

**KM Toll Road Private Limited****Notes to Financial Statements for the year ended 31st March 2015**

	31-Mar-14 ₹	During the year ₹	31-Mar-15 ₹
<b>Note 2.10 Intangible Assets Under Development</b>			
<b>A) Assets under Construction Pending Allocation</b>			
Project Contract Expenses	5,959,863,376	1,623,871,890	7,583,735,266
<b>Sub Total A</b>	<b>5,959,863,376</b>	<b>1,623,871,890</b>	<b>7,583,735,266</b>
<b>B) Incidental Expenses related to development of intangible asstes</b>			
Rent	2,443,811	677,112	3,120,923
Electricity Expenses	479,153	180,235	659,388
Travelling & Conveyance	12,050,558	4,116,905	16,167,463
Salaries, Bonus and Other Allowances	56,382,101	17,600,360	73,982,460
Administrative Expenses	5,501,081	1,245,001	6,746,082
Gurantee Commission	11,909,384	-	11,909,384
Insurance Charges	20,008,771	15,656,510	35,665,281
Legal And Professional Charges	68,471,233	17,962,611	86,433,844
Communication Expenses	633,672	785,182	1,418,854
Upfront Fees	31,858,468	1,719,104	33,577,573
Unrealised Forex Loss-Revaluation of Loans	-	16,899,460	16,899,460
Interest and Finance Charges	653,964,917	607,786,545	1,261,751,462
<u>Auditors' Remuneration</u>			
Audit Fees	665,515	250,000	915,515
Fees for Certification	251,501	118,000	369,501
Project Execution Support Services	37,338,505	2,620,001	39,958,505
Provision for Income Tax	11,000	-	11,000
Depreciation	1,357,308	748,292	2,105,600
<b>Sub - Total B (i)</b>	<b>903,326,978</b>	<b>688,365,318</b>	<b>1,591,692,296</b>
Less : Other Income			
Dividend Income	6,155,328	2,181,944	8,337,272
Interest Income	-	739,139	739,139
Unrealised Forex Gain-Revaluation of Loans	23,507,700	(23,507,700)	-
Profit on Sale of Investment	34,294	-	34,294
<b>Sub - Total B (ii)</b>	<b>29,697,322</b>	<b>(20,586,617)</b>	<b>9,110,705</b>
<b>Sub - Total B (i) - B (ii)</b>	<b>873,629,656</b>	<b>708,951,935</b>	<b>1,582,581,590</b>
<b>Grand Total (A+B)</b>	<b>6,833,493,032</b>	<b>2,332,823,825</b>	<b>9,166,316,856</b>

**KM Toll Road Private Limited****Notes to Financial Statements for the year ended 31st March 2015**

	31-Mar-15 ₹	31-Mar-14 ₹
<b>Note 2.11 Long Term Loans and Advances</b>		
Capital advance	8,225,539	287,137,548
Security Deposit	-	21,000
	<u>8,225,539</u>	<u>287,158,548</u>
<b>Note 2.12 Cash and Cash Equivalent</b>		
Balances with banks in -		
Current account	31,266,837	8,432,333
<b>Total</b>	<u>31,266,837</u>	<u>8,432,333</u>
<b>Note 2.13 Short Term Loans and Advances</b>		
Advance Income Tax (Net of Income Tax Provision)	2,437,648	2,363,728
Recoverable from Government Authorities	26,996,342	22,782,635
Prepaid Expenses	9,519,254	6,664,786
Security deposits	123,000	102,000
Other Receivables	4,874,791	953,542
<b>Total</b>	<u>43,951,035</u>	<u>32,866,691</u>

**KM Toll Road Private Limited**

Notes to Financial Statements for the year ended 31st March 2015

**2.14 RELATED PARTY TRANSACTION**

Related Party Disclosure as required by Accounting Standard (AS) - 18 "Related Party Disclosures" Issued by ICAI:

**RELATIONSHIP:****NAME OF THE HOLDING COMPANY - Reliance Infrastructure Limited**

Transactions carried out with related parties in the ordinary course of business and the year end balances thereagainst:

NATURE OF TRANSACTIONS:	Rs. In Lacs	
	APRIL 2014 - MARCH 2015	APRIL 2013 - MARCH 2014
<b>Expenses debited into Intangible Assets Under Development</b>		
Project Execution Support Services	2,943,832	21,485,551
Reimbursement of Other Exps.	615,629	450,115
<b>Borrowing</b>		
Sub-Ordinate Debts	661,600,000	762,200,000
<b>OUTSTANDING AT THE YEAR END</b>		
<b>CREDIT</b>		
Equity Share Capital	34,090,000	34,090,000
Security Premium	305,910,000	305,910,000
Sub-Ordinate Debts	2,362,300,000	1,700,700,000
Project Execution Support Services	3,633,613	945,381.00

*In view of there being no transactions with fellow subsidiaries, the name of all the fellow subsidiaries have not been given.*



**KM Toll Road Private Limited**  
**Notes to Financial Statements for the year ended 31st March 2015**

**2.15 Retirement Benefits:**

Disclosure as required by Accounting Standard (AS) - 15 (Revised 2005) "Employee Benefits" Issued by ICAI 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 subject to maximum of Rs. 10 Lacs

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 the Intangible Assets Under Development are as follows:

(i) Defined Benefit Plan	Leave Encashment		Gratuity	
	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Current service cost	5.22	4.35	3.87	3.15
Interest cost on benefit obligation	1.81	1.00	1.69	0.86
Expected return on plan assets	-	-	(1.28)	(0.71)
Net actuarial (gain) / loss recognised during the year	(2.50)	2.44	(0.75)	3.77
Current service cost included under the head payments to Contribution and Other Funds in Intangible Assets Under Development	4.53	7.79	3.53	7.07

(ii) Defined Contribution Plan	Provident Fund	
	Year Ended March 31, 2015	Year Ended March 31, 2014
	(Rs. in lacs)	(Rs. in lacs)
Current service cost included under the head payments to Contribution and Other Funds in Intangible Assets Under Development	5.65	6.62

(iii) Defined Contribution Plan	Superannuation Fund	
	Year Ended March 31, 2015	Year Ended March 31, 2014
	(Rs. in lacs)	(Rs. in lacs)
Current service cost included under the head payments to Retirement Benefits in Intangible Assets Under Development	0.01	0.14

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

	Leave Encashment		Gratuity	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Present value of obligation	19.41	15.51	20.37	15.32
Less: Fair value of plan assets	-	-	20.37	14.68
Net Asset / (Liabilities) recognised in Balance Sheet	(19.41)	(15.51)	-	(0.64)

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, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening defined benefit obligation	15.51	8.30	15.32	7.64
Interest cost	1.81	1.00	1.69	0.86
Current service cost	5.22	4.35	3.87	3.15
Benefits paid	(0.63)	(0.58)	(1.88)	-
Liabilities assumed on Acquisition / (Settled on Divestiture)	-	-	-	-
Actuarial (gains)/loss on obligation	(2.50)	2.44	1.37	3.67
Closing defined benefit obligation	19.41	15.51	20.37	15.32
d) Changes in the fair value of plan assets are as follows:				
	Leave Encashment		Gratuity	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening fair value of plan assets	-	-	14.68	7.66
Expected return	-	-	1.28	0.71
Contributions made by employer during the year	0.63	0.58	4.17	6.41
Benefits paid	(0.63)	(0.58)	(1.88)	-
Actuarial Gain/(Loss) on plan assets	-	-	2.12	(0.10)
Closing fair value of plan assets	-	-	20.37	14.68
e) Expected contribution to defined benefit plan for the year 2015 - 16				
	Leave Encashment (Rs. in lacs)		Gratuity (Rs. in lacs)	
	0.77		5.00	
f) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:				
Particulars	Leave Encashment		Gratuity	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	%	%	%	%
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, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Discount rate	7.85%	8.90%	7.85%	8.90%
Expected rate of return on plan assets	Nil	Nil	8.25%	8.25%
Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)
Proportion of employees opting for early retirement	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages
Retirement Age	58 Yrs	58 Yrs	58 Yrs	58 Yrs
Salary Escalation Rate	7.50%	7.50%	7.50%	7.50%
The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.				

**KM Toll Road Private Limited**  
**Notes to Financial Statements for the year ended 31st March 2015**

**2.16 Contingent Liabilities and Commitments**

Particulars	31-Mar-15 ₹	31-Mar-14 ₹
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)	1,889,529,415	3,232,999,076
	<b>1,889,529,415</b>	<b>3,232,999,076</b>

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

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

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

**2.19 Segment Reporting**

The Company operates in only one segment, namely "Toll Roads Division", hence there are no reportable segments under Accounting Standard 17 'Segment Reporting' as prescribed by Companies Accounting Standard (Rules) 2006.

**2.20** On consideration of prudence the deferred tax assets in respect of timing differences have been recognised to the extent of deferred tax liabilities only, resulting in no provision for deferred tax asset/liability.

**2.21 Activity in Foreign Currency**

Particulars	31-Mar-15 ₹	31-Mar-14 ₹
<u>Expenditure in foreign currency</u>		
Professional Fees, Comittment Fee & Interest	<b>39,322,444</b>	16,181,946

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

As per our attached report of even date

**For M K P S & Associates**

**Chartered Accountants**

**Firm's Regn. No. 302014E**

On behalf of the Board,

**Narendra Khandal**

Partner

Membership No. : 065025

Place : Mumbai

Date :

**Mayank Jain**

Director

Place : Mumbai

Date :

**Madan Biyani**

Director