INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNR WALAYAR TOLLWAYS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **KNR WALAYAR TOLLWAYS PRIVATE LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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 Ind AS 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 Ind AS 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 Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 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 purposes of our audit.

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

(c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure - A"; and

(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 has not pending litigation which would impact its financial position;

    ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

    iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

    iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures with respect to currency held other than SBNs are in accordance with books of account maintained by the company and as produced to us by the management. (refer note. 39)

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Divya Gupta
(Partner)
(M No. 544094)

Place: New Delhi
Date: 29/05/2017

Annexure to the Independent Auditor's Report of KNR WALAYAR TOLLWAYS PRIVATE LIMITED for the Year ended as on 31st March 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i.
   a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
   b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification
   c) The title deeds of immoveable properties are held in the name of the company.

ii. As the company is engage in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.

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

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore, the paragraph 3(v) of the Order is not applicable to the company.

vi. It has been represented by the management that the cost records are not required to be maintained under section 148 of the Companies Act 2013 and rules made thereunder.

vii.
   a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding more than six month from the date they become payable.
   b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. During the year the company has not defaulted in repayment of loans or borrowings to the banks. The company has not taken any loan or borrowings from any financial institutions or Government. The company has not issued debentures.

ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The company has not paid any managerial remuneration. Therefore the provisions of section 197 read with Schedule V of the Companies Act 2013 are not applicable.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information provided to use, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements

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as required by the applicable accounting standards.

xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year which are not incompliance of Section 42 of the Companies Act.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Divya Gupta
(Partner)
(M No. 544094)

Place: New Delhi
Date: 29/05/2017

Annexure-A

Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

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 **KNR WALAYAR TOLLWAYS PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 my /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

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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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Divya Gupta
(Partner)
(M No. 544094)

Place: New Delhi
Date: 29/05/2017

KNR Walayar Tollways Private Limited
Balance Sheet as at March 31, 2017

(Rs. in Lakhs)

Particulars	Note No.	As At March 31, 2017	As At March 31 ,2016	As At April 1 ,2015
		Audited	Audited	Audited
I ASSETS				
1) NON-CURRENT ASSETS				
a) Property, plant and equipment	4	54.65	56.59	48.32
b) Investment property	4	1.04	1.04	1.04
c) Intangible assets	4	52,471.40	55,709.34	-
d) Intangible assets under development	4	-	-	56,948.49
e) Other non-current assets	5	265.98	265.70	100.50
		52,793.07	**56,032.67**	**57,098.35**
2) CURRENT ASSETS				
a) Financial assets				
i) Investments	6	125.63	-	-
ii) Trade Receivables	7	454.35	-	-
iii) Cash and cash equivalents	8	113.61	1,138.09	2,096.15
iv) Other Financial Asset	9	201.62	-	2,362.15
b) Current tax Asset (net)	10	500.37	463.78	499.60
c) Other current assets	11	17.84	2.28	-
		1,413.42	**1,604.15**	**4,957.90**
TOTAL ASSETS		**54,206.49**	**57,636.82**	**62,056.25**
II EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	12	90.00	90.00	90.00
b) Other equity	13	32,473.98	21,826.32	13,494.24
Total Equity		**32,563.98**	**21,916.32**	**13,584.24**
LIABILITIES				
1) NON - CURRENT LIABILITIES				
a) Financial liabilities				
Borrowings	14	20,263.48	34,505.62	40,473.75
b) Provisions	15	429.09	3.36	-
		20,692.57	**34,508.98**	**40,473.75**
2) CURRENT LIABILITES				
a) Financial liabilities				
ii) Trade Payables	16	47.86	234.81	7,065.79
iii) Other financial liabilities	17	888.64	972.80	723.46
b) Other current liabilities	18	13.44	3.91	209.01
		949.94	**1,211.52**	**7,998.26**
TOTAl LIABILITIES		**21,642.51**	**35,720.50**	**48,472.01**
TOTAL EQUITY AND LIABILITIES		**54,206.49**	**57,636.82**	**62,056.25**
Significant Accounting Policies	1 to 3			

Notes referred to above form an integral part of the accounts

As per our report of even date attached

For Gianender & Associates
Chartered Accountants
(ICAI Registration No.004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Divya Gupta
Partner
Membership No: 544094
Place : New Delhi
Date : 29-05-2017

For and on behalf of the Board

KNR WALAYAR TOLLWAYS PVT. LTD. Hyderabad

K.Narasimha Reddy
Director

K. Jalandhar Reddy
Director

KNR Walayar Tollways Private Limited
Statement Of Profit And Loss For The Year Ended March 31, 2017

(Rs. in Lakhs)

	PARTICULARS	NOTE No.	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from Operations	19	4,154.78	11,868.95
			4,154.78	**11,868.95**
II	Other income	20	242.62	63.50
III	**Total Revenue (I + II)**		**4,397.40**	**11,932.45**
IV	**EXPENSES**			
	Construction Cost		-	8,997.29
	Operation & Maintenance expenses	21	992.41	460.04
	Employee benefits expenses	22	86.36	78.82
	Finance costs	23	2,316.82	4,331.20
	Depreciation and amortization expenses	4	3,239.88	2,822.76
	Other expenses	24	112.73	57.25
	Total expenses (IV)		**6,748.20**	**16,747.36**
V	**Profit before exceptional items and tax (III - IV)**		**(2,350.80)**	**(4,814.91)**
VI	Exceptional items		-	-
VII	**Profit/(Loss) before tax (V - VI)**		**(2,350.80)**	**(4,814.91)**
VIII	**Tax expense**			
	1) Current tax		-	-
	2) Adjustment of tax relating to earlier periods		-	-
	3) Deferred tax		-	-
	Total Tax Expenses (VIII)		**-**	**-**
IX	**Profit (Loss) for the period (VII-VIII)**		**(2,350.80)**	**(4,814.91)**
X	**OTHER COMPREHENSIVE INCOME**			
	Actuarial gains and losses	25	(1.54)	(3.01)
	Total Comprehensive Income		**(1.54)**	**(3.01)**
XI	**Total Comprehensive Income for the period (IX+X)**		**(2,352.34)**	**(4,817.92)**
XII	**Earnings per equity share**	31		
	1) Basic		(261.20)	(534.99)
	2) Diluted		(261.20)	(534.99)
	Corporate information and Significant accounting policies	1 to 3		

See accompanying notes forming part of the financial statements
As per our report of even date attached

For Gianender & Associates
Chartered Accountants
(ICAI Registration No.004661N)

Divya Gupta
Partner
Membership No: 544094
Place : New Delhi
Date : 29-05-2017

For and on behalf of the Board

K.Narasimha Reddy
Director

K.Jalandhar Reddy
Director

KNR Walayar Tollways Private Limited
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2017

A - Equity Share Capital

Equity Shares of Rs. 10/- each issued, subscribed and fully paid	No. of Shares in Lakhs	Amount in Rs. Lakhs
At 1 April, 2015	9.00	90.00
Changes in equity share capital during the year	-	-
At 31 March, 2016	9.00	90.00
Changes in equity share capital during the year	-	-
At 31 March, 2017	**9.00**	**90.00**

B - Other Equity

(Rs. in Lakhs)

Particulars	Deemed Equity	Retained Earning	Other Comprehensive Income	Total
Balance as at 1st, April, 2015	13,501.00	(6.76)	-	13,494.24
Total Comprehensive Income for the Year	-	(4,817.92)	-	(4,817.92)
Equity Contribution on FV of Interest free Un Secured Loan	13,150.00	-	-	13,150.00
Balance as at March 31, 2016	**26,651.00**	**(4,824.68)**	**-**	**21,826.32**
Balance as at 1st, April, 2016	26,651.00	(4,824.68)	-	21,826.32
Total Comprehensive Income for the Year	-	(2,352.35)	-	(2,352.35)
Equity Contribution on FV of Interest free Un Secured Loan	13,000.00	-	-	13,000.00
Balance as at March 31, 2017	**39,651.00**	**(7,177.03)**	**-**	**32,473.97**

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

KNR Walayar Tollways Private Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED March 31, 2017

(Rs. in Lakhs)

PARTICULARS	For the Year ended March 31, 2017	For the Year ended March 31, 2016
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(2,350.80)	(4,814.91)
Adjustments for		
Depreciation & Amortization Expenses	3,239.88	2,822.76
Interest Expenses	2,306.79	4,327.08
Provision on Actuarial loss	(1.54)	(3.01)
Provision For Major Maintenance	423.49	-
Interest Income	(36.85)	(63.50)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**3,580.97**	**2,268.42**
(Increase)/Decrease in Trade and Other Receivables	(708.40)	2,230.49
Increase/(Decrease) in Trade Payables and Other Liabilities	(348.78)	(7,118.65)
CASH GENERATED FROM OPERATIONS	(1,057.18)	(4,888.16)
Taxes paid	-	-
NET CASH FROM OPERATING ACTIVITIES	**2,523.79**	**(2,619.74)**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Tangible/ Intangible asset under development	-	(1,591.89)
Purchase of Investments	(125.63)	-
Interest Received	36.85	63.50
NET CASH USED IN INVESTING ACTIVITIES	**(88.78)**	**(1,528.39)**
C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(13,842.13)	(5,568.13)
Deemed Equity part of Un-Secured Loan	13,000.00	13,150.00
Interest Paid	(2,617.36)	(4,391.80)
NET CASH FROM FINANCING ACTIVITIES	**(3,459.49)**	**3,190.07**
Net change in Cash and Cash Equivalents (A+B+C)	**(1,024.48)**	**(958.06)**
Cash and Cash Equivalents including cash credits at the Opening	1,138.09	2,096.15
Cash and Cash Equivalents including cash credits at the Closing	**113.61**	**1,138.09**

Notes:

1 Components of Cash & Cash Equivalents

Cash in Hand	33.18	27.20
Bank Balance -Current Account	43.43	102.25
Deposits with Bank	37.00	1,008.64
	113.61	**1,138.09**

2 The Cash flow statement is prepared in accordance with the Indirect Method stated in IND-AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

3 Figures in brackets represent cash outflows.

See accompanying Notes to financial statements
As per our report of even date attached
For Gianender & Associates
Chartered Accountants
(ICAI Registration No.004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Divya Gupta
Partner
Membership No: 544094
Place : New Delhi
Date : 29-05-2017

For and on behalf of the Board

KN Reddy K Jalandhar Reddy

K.Narasimha Reddy
Director

K. Jalandhar Reddy
Director

KNR WALAYAR TOLLWAYS PVT. LTD. Hyderabad

KNR WALAYAR TOLLWAYS PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2017

1. Reporting entity

KNR Walayar Tollways Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at KNR House, Phase - I, Kavuri hills, Hyderabad, Telangana. The Company has been incorporated under the provisions of the Companies Act, 1956 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited ('KNR').

The Company has entered into a Service Concession Arrangement("SCA") with National Highway Authority of India ("NHAI") for Design, Build, Finance, Operate and Transfer (The "DBFOT") from KM 182.250 to KM 240.000 Walayar - Vadakkancherry of NH-47 in the State of Kerala, Under NHDP - II) on BOT (Toll) basis. The company achieved COD with effect from 31st October 2015.

2. Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 3.

The financial statements were authorized for issue by the Company's Board of Directors on 29-May-2017.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupee, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets (if any) less present value of defined benefit obligations

D. Current Assets and Current Liabilities

Current Assets:
An asset shall be classified as current when it satisfies any of the following criteria:
(a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
(b) it is held primarily for the purpose of being traded.
(c) It is expected to be realized within twelve months after the reporting date, or
(d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
All other assets shall be classified as non-current.

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Current Liabilities:
A liability shall be classified as current when it satisfies any of the following criteria:
(a) it is expected to be settled in the company's normal operating cycle;
(b) it is held primarily for the purpose of being traded;
(c) it is due to be settled within twelve months after the reporting date: or
(d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities shall be classified as non-current.

E. Use of estimates and judgment

The preparation of these financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

F. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Directors.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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3. Significant accounting policies

a. Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. *Transition to Ind AS*

On transition to Ind AS, the Company has elected to measure its property, plant and equipment at its fair value as per Ind AS, and use that fair value as the deemed cost of such property, plant and equipment.

iii. *Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment in the manner and as per the useful life prescribed under Schedule-II to the Act, and is generally recognized in the statement of profit and loss. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

b. Investment Property

The lands controlled by the company during the period is an asset held for capital appreciation which generates cash flows largely independently of other assets held by the company, hence recognized as an investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any.
Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred, for transition to Ind AS, the carrying value of Investment properties under IGAAP as on April 1, 2015 is regarded as its deemed cost.

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c. Intangible Asset under Service Concession Arrangements

i. Recognition and measurement

The Company recognizes an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost, less any accumulated amortization and accumulated impairment losses.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to value of all of its intangible assets as per Appendix to Ind AS 11 i.e. retrospectively, and use that value as the cost of such intangible assets.

iii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

iv. Amortization

The Company has followed life based amortization for intangible assets which are recognized under service concession arrangements, over the balance concession period.

Government grants – Viability Gap Funding (VGF)

Any VGF in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipt.

d. Financial instruments

i. Classification and subsequent measurement

Non-Derivative Financial assets

On initial recognition, a financial asset is classified as measured at
- amortized cost;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii. De recognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

iv. Non-derivative financial assets – service concession arrangements

The Company recognizes an intangible asset arising from a service concession arrangement when it has an unconditional contractual right to collect or receive cash or another financial asset from or at the direction of the grantor of the concession for the construction or upgrade services provided. Such intangible assets are measured at fair value upon initial recognition and classified as Intangible asset.

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e. Impairment

i. Impairment of financial instruments

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the Balance Sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write‑off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Long Term and post employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

i. **Defined contribution plans:** The state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans.
The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii. **Defined benefit plans:** The employees' gratuity fund schemes and provident fund scheme managed by the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

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

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

g. Provisions (other than employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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Provision for major maintenance

Provisions are taken for contractual obligations to maintain the condition of infrastructure under concession, principally to cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnels etc. Provision for major maintenance is determined by discounting the expected maintenance expense spanning several years at a pre-tax rate that reflects the current market assessment of the time value and the risks specific to the liability and is updated annually. Provisions are also taken whenever recognized signs of defects are encountered on identified infrastructure.

h. Revenue recognition

i. Construction contracts

Construction contract revenue arises from construction of road as per the agreement with NHAI.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognized as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

ii. Service concession arrangements – Toll Revenue

Revenue related to construction or upgrade services provided under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognizing revenue on construction contacts (see (I) above). And the toll revenue is recognized as and when the amount is due and recovery is certain.

iii. Other Income

Interest income is accrued at applicable interest rate on time proportion basis.

Dividend income is accounted when the right to receive the same is established.

Other items of income are accounted for as and when the right to receive arises.

i. Income tax

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

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ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets - unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

j. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

k. Segment reporting

The Board of Directors assess the financial performance of the Company and makes strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and hence no separate disclosures are required under Ind AS 108.

l. Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

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m. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets have to be recognized in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

n. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

o. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in Balance Sheet.

p. New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

q. First time adoption to Ind AS

As stated in Note 2A, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Optional exemptions availed

Property plant and equipment, capital work-in-progress, Investment Property and intangible assets

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

Intangible assets accounted for in accordance with Appendix to Ind AS 11 (Service Concession Arrangements)

As per Ind AS 101 an entity may elect to:

i) Subject to paragraph (ii), changes in accounting policies are accounted for in accordance with Ind AS 8, i.e. retrospectively.

ii) If, for any particular service arrangement, it is impracticable for an operator to apply this Appendix retrospectively at the date of transition to Ind AS, it shall

a) recognize intangible assets that existed at the date of transition to Ind AS;

b) use the previous carrying amounts of those financial assets (however previously classified) as their carrying amounts as at that date; and

c) test financial assets recognized at that date for impairment, unless this is not practicable, in which case the amounts shall be tested for impairment as at the start of the current period

iii) There are two aspects to retrospective determination: reclassification and premeasurement. It will usually be practicable to determine retrospectively the appropriate classification of all amounts previously included in an operator's Balance Sheet, but that retrospective premeasurement of service arrangement assets might not always be practicable. However, the fact should be disclosed.

As permitted by Ind AS 101, the Company has elected to apply Appendix to Ind AS 11 retrospectively at the date of transition to Ind AS.

Mandatory exceptions

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

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The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.

b) Determination of the discounted value for financial instruments carried at amortized cost.

De recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable

Balance sheet Reconciliation

Particulars	Note	As at April 01, 2015			As at March 31, 2016		
		IGAAP	**Ind AS impact**	**Ind AS**	**IGAAP**	**Ind AS impact**	**Ind AS**
ASSETS							
Non-current assets							
Property, plant and equipment		48.32	-	48.32	56.59	-	56.59
Investment Property		1.04	-	1.04	1.04	-	1.04
Intangible Assets		-	-	-	58,178.80	(2,469.46)	55,709.34
Intangible Assets under development	i & ii	78,523.56	(21,575.07)	56,948.49	-	-	-
Other non-current assets		100.50	-	100.50	265.70	-	265.70
		78,673.42	**(21,575.07)**	**57,098.35**	**58,502.13**	**(2,469.46)**	**56,032.67**
Current assets							
Financial assets							
- Cash and cash equivalents		2,096.15	-	2,096.15	1,138.09	-	1,138.09
- Other Receivables		2,362.15	-	2,362.15	-	-	-
Current Tax Asset (Net)		499.60		499.60	463.78		463.78
Other current assets		-	-	-	2.28	-	2.28
		4,957.90	**-**	**4,957.90**	**1,604.15**	**-**	**1,604.15**
Total assets		**83,631.32**	**(21,575.07)**	**62,056.25**	**60,106.28**	**(2,469.46)**	**57,636.82**

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EQUITY AND LIABILITIES							
Equity							
Equity share capital		90.00	-	90.00	90.00	-	90.00
Other equity	i & ii	21,466.06	(7,971.82)	13,494.24	(2,449.60)	24,275.92	21,826.32
		21,556.06	**(7,971.82)**	**13,584.24**	**(2,359.60)**	**24,275.92**	**21,916.32**
Liabilities							
Non-current liabilities							
Financial liabilities							
- Borrowings	ii	54,077.00	(13,603.25)	40,473.75	61,251.00	(26,745.38)	34,505.62
Provisions		-	-	-	3.36	-	3.36
		54,077.00	**(13,603.25)**	**40,473.75**	**61,254.36**	**(26,745.38)**	**34,508.98**
Current liabilities							
Financial liabilities							
- Trade payables		7,065.79	-	7,065.79	234.81	-	234.81
- Other financial liabilities		723.46	-	723.46	972.80	-	972.80
Other current liabilities		209.01	-	209.01	3.91	-	3.91
		7,998.26	**-**	**7,998.26**	**1,211.52**	**-**	**1,211.52**
Total equity and liabilities		**83,631.32**	**(21,575.07)**	**62,056.25**	**60,106.28**	**(2,469.46)**	**57,636.82**

Profit and Loss Reconciliation (Rs. In Lakhs)

Particulars	Note	For the year ended March 31, 2016		
		IGAAP	**Ind AS impact**	**Ind AS**
REVENUE(A)				
Revenue from operations	i	2,871.66	8,997.29	11,868.95
Other income		63.50	-	63.50
Total revenue		**2,935.16**	**8,997.29**	**11,932.45**
EXPENSES(B)				
Construction Cost	i	-	8,997.29	8,997.29
Other Construction Expenses		460.04	-	460.04
Employee benefits expense	iii	81.83	(3.01)	78.82
Finance costs	ii	4,326.75	6.82	4,331.20
Depreciation and amortization expense	i	454.50	2,368.26	2,822.76
Other expenses		54.88	-	57.25
Total expenses		**5,378.00**	**11,369.36**	**16,747.36**
Profit/(loss) before tax(C=A-B)		**(2,442.84)**	**(2,372.07)**	**(4,814.91)**

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Tax expense(D) Current tax Deferred tax		- -	- -	- -
Profit/(loss) for the period(E=C-D)		**(2,442.84)**	**(2,372.07)**	**(4,814.91)**
Other comprehensive income(F) Items that will not be reclassified to profit or loss	iii	-	(3.01)	(3.01)
Total comprehensive income for the period(E+F)		**(2,442.84)**	**(2,375.08)**	**(4,817.92)**

Notes on Reconciliation

i) Accounting for Service Concession Arrangements

Under Ind AS, specific guidance is applicable for accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under previous GAAP, there was no authoritative guidance for accounting for such arrangements. Accordingly, the company has recognized its intangible asset.

based on above the company has recognized the income of Rs. 8,997.29 lakhs on construction expenses of Rs. 8,997.29 lakhs incurred in the respective financial year.

Under previous Indian GAAP, Grant received from authority has been recognized as Capital reserve. For transition to Ind AS, grants amounting to Rs. 26,460.00 lakhs (Rs. 21,472.82 lakhs and Rs. 4,987.18 lakhs for 14-15 and 15-16) are recognized at fair value and consequently reduced from Intangible asset by same amount.

Under previous Indian GAAP, Company Carriageway - Toll Collection Rights are amortized over the period of rights given under the concession Agreement (as they represent right to collect Toll revenue during the concession period) on the basis and in the manner as specified in schedule II of the companies act 2013.For transition to Ind AS, company follows straight line method for amortization as prescribed in IND AS-38 over the life of concession period.

ii) Borrowings

Under previous Indian GAAP, transaction costs incurred in connection with borrowings are capitalized and amortized accordingly. For transition to Ind AS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly, borrowings as at 31 March 2015 have been reduced by Rs.102.25 Lakhs with consequent effect of Rs.102.25 Lakhs to intangible asset.

Interest free Mezzanine Debt from the Holding Company

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full and will be paid only at the option of the company hence were classified as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to Ind AS, since the Company has no contractual obligation to deliver cash or another financial asset to settle the obligation, the interest-free Mezzanine debt is fair valued on initial recognition and recognized as "Equity Component of Other Financial Instruments" and included as part of "Other equity".

iii) Actuarial gain/loss

As per IND AS 1, actuarial gains and losses, return on plan asset and any change in the effect of the asset ceiling to be recognized in other comprehensive income. So, during Financial Year 2015-16, the actuarial gain recognized on gratuity reclassified to Other Comprehensive Income from gratuity expense.

iv) Re-classification of financial assets and liabilities

Under Ind AS, all financial assets and liabilities are to be disclosed separately on the face of the Balance Sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and 109 have been re-classified and shown separately on the face of the Balance Sheet. and the respective gain or loss on five of financial instruments has been considered.

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KNR Walayar Tollways Private Limited
Notes to the financial statements for the year ended March 31, 2017

4 - PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

Particulars	Tangible Assets		
	Buildings	CWIP	Total
Cost			
As at April 1, 2016	58.37	-	**58.37**
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2017	**58.37**	-	**58.37**
Depreciation			
As at April 1, 2016	1.78	-	**1.78**
Charge for the period **	1.94	-	**1.94**
Disposals	-	-	-
As at March 31, 2017	**3.72**	-	**3.72**
Net block			
As at March 31, 2017	**54.65**	-	**54.65**
As at March 31, 2016	**56.59**	-	**56.59**

4 - PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

Particulars	Tangible Assets		
	Buildings	CWIP	Total
Cost			
As at April 1, 2015	48.32	-	**48.32**
Additions	10.05	-	**10.05**
Capitalised	-	-	-
As at March 31, 2016	**58.37**	-	**58.37**
Depreciation			
As at April 1, 2015	-	-	-
Additions	1.78	-	**1.78**
Disposals	-	-	-
As at March 31, 2016	**1.78**	-	**1.78**
Net block			
As at March 31,2016	**56.59**	-	**56.59**
As at March 31, 2015	**48.32**	-	**48.32**

4 - INVESTMENT PROPERTY

PARTICULARS	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Immovable Property - Land (Refer Note)	1.04	1.04	1.04
	1.04	**1.04**	**1.04**

Note : The Fair value of the property for the FY 2016-17 is Rs. 1.06 lakhs and PY 2015-16 is Rs. 1.06 lakhs

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Notes to the financial statements for the year ended March 31, 2017

4 - INTANGIBLE ASSET

(Rs. in Lakhs)

Particulars	Intangible Assets			
	Computer software	Carriage Way	Intangible assets under development	Total
Cost				
As at April 1, 2016	0.18	58,530.14	-	**58,530.32**
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2017	**0.18**	**58,530.14**	-	58,530.32
Depreciation				
As at April 1, 2016	0.04	2,820.94	-	**2,820.98**
Charge for the period **	0.06	3,237.88	-	**3,237.94**
Disposals	-	-	-	-
As at March 31, 2017	**0.10**	**6,058.82**	-	6,058.92
Net block				
As at March 31, 2017	**0.08**	**52,471.32**	-	52,471.40
As at March 31, 2016	**0.14**	**55,709.20**	-	55,709.34

4 - INTANGIBLE ASSET

(Rs. in Lakhs)

Particulars	Other Intangible Assets			
	Computer software	Carriage Way	Intangible assets under development	Total
Cost				
As at April 1, 2015	-	-	56,948.49	**56,948.49**
Additions	0.18	58,530.14	6,568.83	**65,099.15**
Grant	-	-	(4,987.18)	**(4,987.18)**
Capitalised	-	-	(58,530.14)	**(58,530.14)**
As at March 31, 2016	**0.18**	**58,530.14**	-	58,530.32
Depreciation				
As at April 1, 2015	-	-	-	-
Additions	0.04	2,820.94	-	**2,820.98**
Disposals	-	-	-	-
As at March 31, 2016	**0.04**	**2,820.94**	-	2,820.98
Net block				
As at March 31,2016	**0.14**	**55,709.20**	-	55,709.34
As at March 31, 2015	-	-	**56,948.49**	56,948.49

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5 - OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
WCT Receivable	264.31	264.31	99.74
VAT & Other Deposits	1.67	1.39	0.76
Total	**265.98**	**265.70**	**100.50**

6 - INVESTMENTS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
CURRENT			
ICICI Mutual Funds (Refer foot note)	125.63	-	-
Total	**125.63**	**-**	**-**

Foot Note : Investment in Mutual funds are recognised at Fair value (i.e. market value), and the respective gain or loss has been recognised through profit and loss

7 - TRADE RECEIVABLE

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
Toll Receivable (Refer foot note)	454.35	-	-
Total	454.35	-	-

Foot Note : toll receivable includes amount receivable from Kerala and Karnataka state road transportation (KSRTC and TNSTC)

8 - CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
Balances with banks:			
in current accounts	43.43	102.25	2,095.15
in deposit accounts (less than 3 months maturity)	37.00	1,008.64	-
Cash on hand	33.18	27.20	1.00
Total	**113.61**	**1,138.09**	**2,096.15**

9 - OTHER FINANCIAL ASSETS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
CURRENT			
Receivables from NHAI	201.42	-	2,362.04
Interest receivable	0.20	-	0.11
Total Current Other Financial Assets	**201.62**	**-**	**2,362.15**
Total	**201.62**	**-**	**2,362.15**

10 - CURRENT TAX ASSETS (Net)

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
TDS Receivable	500.37	463.78	499.60
Total	**500.37**	**463.78**	**499.60**

11 - OTHER CURRENT ASSETS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	As at March 31 ,2016	As at April 01 ,2015
Un-secured Considered good			
Staff Imprest & Salary Advances	1.32	2.28	-
Prepaid expenses	16.52	-	-
Total	**17.84**	**2.28**	**-**

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Notes to the financial statements for the year ended March 31, 2017

12 - EQUITY CAPITAL

(Rs. in Lakhs)

PARTICULARS	As at March 31,2017	As at March 31 ,2016	As at April 01 ,2015
EQUITY SHARE CAPITAL			
Authorised Share capital			
900,000 Equity Shares of Rs. 10/- each	90.00	90.00	90.00
Issued, subscribed & fully paid share capital			
900,000 Equity Shares of Rs. 10/- each	90.00	90.00	90.00
Total	**90.00**	**90.00**	**90.00**

Terms/ Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/-per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

During the year ended 31st March 2017, no dividend is declared by Board of Directors

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 preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders

12.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the year is set out below

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	9.00	90.00	9.00	90.00	9.00	90.00
Add:- Number of Shares Issued	-	-	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-	-	-
Number of Equity Shares at the end of the year	**9.00**	**90.00**	**9.00**	**90.00**	**9.00**	**90.00**

12.2 The details of shareholder holding by holding company and its associates as at March 31, 2017 is set out below:

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held
KNR Constructions Limited & its nominees	9.00	100.00	9.00	100.00	9.00	100.00
	9.00	**100.00**	**9.00**	**100.00**	**9.00**	**100.00**

13 - OTHER EQUITY

(Rs. in Lakhs)

	PARTICULARS	As at March 31,2017	As at March 31 ,2016	As at April 01 ,2015
a)	Equity Contribution of Unsecured loan (refer foot note)	**39,651.00**	**26,651.00**	**13,501.00**
b)	Surplus in the statement of profit and loss			
	Balance at the beginning of the period	(4,824.68)	(6.76)	(2.75)
	Add: (Loss)/ Profit for the period	(2,352.34)	(4,817.92)	(4.01)
		(7,177.02)	**(4,824.68)**	**(6.76)**
	Balance at the end of the period	**32,473.98**	**21,826.32**	**13,494.24**

Foot Note : Un secured Loans from KNR Constructions Limited is in the nature of Sub-debt were recognised as a form of equity contribution , and the same was repayable after satisfaction of senior Debt and at the option of the Company.

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Notes to the financial statements for the year ended March 31, 2017

14 - BORROWINGS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	March 31 ,2016	April 01 ,2015
NON - CURRENT			
Secured loans			
From banks (Refer Foot Note)			
Term loans	20,263.48	34,505.62	40,473.75
	20,263.48	**34,505.62**	**40,473.75**
Total non-current borrowings	**20,263.48**	**34,505.62**	**40,473.75**
Total borrowings	**20,263.48**	**34,505.62**	**40,473.75**

Foot Note

Terms of Security

1 A first mortgage on all immovable assets (if any) and first charge by way of hypothecation on all moveable assets (including but not limited to all current/non-current assets)both present and future ,ranking Pari-Passu with other lenders save and except assets forming part of the project assets as defined in the Concession Agreement

2 First-charge /assignment on all intangible assets (other than Project Assets as defined in the concession agreement) including but not limited to the goodwill,rights,undertakings and uncalled capital both present and future,raniking pari-passu with other lenders to be availed in the manner and to the extent permissible under the Concession Agreement save and execpt assets forming part of the Project Assets as defined in the Concession Agreement

3 First-charge on all bank accounts including ,without limitation ,TRA/Escrow Account,and any other bank account to be established by company and each of the other accounts required to created by the company.Provided that the charge on the retension account and other bank accounts as mentioned above shall always be subject to and the payments from the accounts shall always be in th emanner and only to the extent of order of priorities of payments as permitted under the Escrow Agreement

4 A first Charge over all rights ,title and interest of the Company related to the project from all contracts,insurances,licenses in to and under all project agreement (including the Concession Agreement) to which the borrower is party to including contractor guarantees,liquidated damages and all other contratcs relating to the project ,provided such charge shall be limited to and to arise to the extent provided under Substitution agreement.

5 A pledge of 51% (fifty one percent) of the total issued, paid up and voting equity share capital of the Company held by the Sponsor till final settlement date.

Terms of Repayment

All term loans from banks are repayable in 48 balloned quarterly installments ranging from Rs 100 Lakhs to Rs1750 Lakhs beginning from 1st April 2016 to 31st March 2028. The number of Installments outstanding as on 31st March 2017 are 38. The rate of interest is lead bank 1 year MCLR rate + 0.15% i.e. 9.50% p.a.

15 - PROVISIONS

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	March 31 ,2016	April 01 ,2015
NON - CURRENT			
Major Maintenance (Refer Foot Note)	423.49	-	-
Gratuity	5.60	3.36	-
Total non -current provisions	**429.09**	**3.36**	**-**
Total provisions	**429.09**	**3.36**	**-**

Foot Note:

Movement of Provision

PARTICULARS	As at March 31 ,2017	March 31 ,2016
Balance as at 1 April	-	-
Provision made during the year	423.49	-
Provision utilised during the year	-	-
Provision reversed during the year	-	-
Balance as at 31 March	423.49	-

16 - TRADE PAYABLES

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	March 31 ,2016	April 01 ,2015
CURRENT			
Amount payable to Related Parties (Refer Note : 33)			
O&M Expenses	46.46	219.69	-
EPC payable	-	15.12	7,065.79
Others (Refer note : 36)	1.40	-	-
Total current trade payables	**47.86**	**234.81**	**7,065.79**
Total Trade Payables	**47.86**	**234.81**	**7,065.79**

17 - OTHER FINANCIAL LIABILITES

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	March 31 ,2016	April 01 ,2015
CURRENT			
Current maturities of long-term debts:			
Term loans - Banks	800.00	400.00	-
Interest accrued and due on term Loans	41.68	352.24	416.96
Amount payable to Related Parties (Refer Note : 33)			
KNR Constructions Limited	24.00	202.86	275.89
Outstanding Expenses	22.96	17.70	30.61
Total current other financial liabilities	**888.64**	**972.80**	**723.46**
Total other financial liabilities	**888.64**	**972.80**	**723.46**

18 - OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

PARTICULARS	As at March 31 ,2017	March 31 ,2016	April 01 ,2015
Dues to statutory/government authorities	13.44	3.91	209.01
Total	**13.44**	**3.91**	**209.01**

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19 - REVENUE FROM OPERATIONS

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Toll Revenue	4,154.78	2,871.66
Construction Revenue (Refer Note : 28)	-	8,997.29
TOTAL	**4,154.78**	**11,868.95**

20 - OTHER INCOME

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income	36.22	63.50
Gain on fair value of mutual funds	0.63	-
Other Income	205.77	-
TOTAL	**242.62**	**63.50**

21 - OPERATION & MAINTENANCE EXPENSES

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Operations & Maintenance Expenses - Routine	568.92	460.04
Major Maintenance Expenses - Periodic	423.49	-
TOTAL	**992.41**	**460.04**

22 - EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages and Other Benefits	80.46	76.06
Contribution to Provident and Other Funds	5.90	-
Staff welfare Expenses	-	2.76
TOTAL	**86.36**	**78.82**

23 - FINANCE COSTS

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Term Loans - Banks	2,306.79	4,327.08
Other Borrowing Cost	10.03	4.12
TOTAL	**2,316.82**	**4,331.20**

24 - OTHER EXPENSES

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
Travelling & Conveyance	1.40	-
Postage ,Telegrams and Telephones	4.10	-
Printing & Stationery	0.12	-
Advertisement and publicity	3.64	6.82
Petrol & Diesel	0.47	-
Mess Expenses	6.20	-
Rates and taxes	0.26	0.54
Professional Charges	6.47	5.89
Consultancy Expenses	70.82	24.87
Certification Charges	1.36	-
Insurance	12.64	-
Interest on TDS	0.02	2.37
Miscellaneous Expenses	5.23	16.76
TOTAL	**112.73**	**57.25**

25 - OTHER COMPREHENSIVE INCOME

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2017	Year ended March 31, 2016
i) Items that will not be reclassified to profit or loss		
Actuarial Gains & Losses	1.54	3.01
	1.54	**3.01**

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26. Capital management

The Company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at 31 March 2017 was as follows

(Rs. in Lakhs)

	March 31, 2017	March 31, 2016	April 1, 2015
Total liabilities	21,642.51	35,720.50	48,472.01
Less: cash and cash equivalents	113.61	1,138.09	2,096.15
Adjusted net debt	**21,756.12**	**36,858.59**	**50,568.16**
Total equity	32,563.98	21,916.32	13,584.24
Adjusted equity	32,563.98	21,916.32	13,584.24
Adjusted net debt to adjusted equity ratio	**0.67**	**1.68**	**3.72**

27. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31 ,2017

(Rs. in Lakhs) (Rs. in Lakhs)

	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets							
Investments in mutual funds	125.63	-	125.63	125.63	-	-	125.63
Trade Receivables	-	454.35	454.35	-	-	-	-
Other Financial assets	-	201.62	201.62	-	-	-	-
Cash and cash equivalents	-	113.61	113.61	-	-	-	-
	125.63	769.59	895.22	125.63	-	-	125.63
Financial liabilities							
Secured bank loans	-	20,263.48	20,263.48	-	-	-	-
Trade payables	-	47.86	47.86	-	-	-	-
Other financial liabilities	-	888.64	888.64	-	-	-	-
	-	21,199.98	21,199.98	-	-	-	-

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as there fair values due to their short term nature.

ii) The Carrying value of Rupee term loans are at approximate fair value as the instruments are at prevailing market rate

March 31 ,2016

(Rs. in Lakhs) (Rs. in Lakhs)

	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets							
Other financial assets	-	-	-	-	-	-	-
Cash and cash equivalents	-	1,138.09	1,138.09	-	-	-	-
	-	1,138.09	1,138.09	-	-	-	-
Financial liabilities							
Secured bank loans	-	34,505.62	34,505.62	-	-	-	-
Trade payables	-	234.81	234.81	-	-	-	-
Other financial liabilities	-	972.80	972.80	-	-	-	-
	-	35,713.23	35,713.23	-	-	-	-

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as there fair values due to their short term nature.

ii) The Carrying value of Rupee term loans are at approximate fair value as the instruments are at prevailing market rate

April 1 ,2015

(Rs. in Lakhs) (Rs. in Lakhs)

	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets							
Other financial assets	-	2,362.15	2,362.15	-	-	-	-
Cash and cash equivalents	-	2,096.15	2,096.15	-	-	-	-
		4,458.30	4,458.30	-	-	-	-
Financial liabilities							
Secured bank loans	-	40,473.75	40,473.75	-	-	-	-
Trade payables	-	7,065.79	7,065.79	-	-	-	-
Other financial liabilities	-	723.46	723.46	-	-	-	-
	-	48,263.00	48,263.00	-	-	-	-

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as there fair values due to their short term nature.

ii) The Carrying value of Rupee term loans are at approximate fair value as the instruments are at prevailing market rate

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27. Financial instruments - Fair values and risk management

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
a) credit risk
b) liquidity risk
c) market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities

The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables

The Company generally does not have trade receivable as collection of toll income coincide as and when the traffic passes through toll plazas. Hence, the management believes that the company is not exposed to any credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31 ,2017

(Rs. in Lakhs)

		Contractual Cash flows		
	Carrying Amount	**Upto 1 Year**	**1-3 years**	**More than 3 year**
Non-derivative financial liabilities				
Secured bank loans	20,263.48	800.00	3,400.00	16,063.48
Trade payables	47.86	47.86	-	-
Other financial liabilities	888.64	888.64	-	-
	21,199.98	**1,736.50**	**3,400.00**	**16,063.48**

March 31 ,2016

(Rs. in Lakhs)

		Contractual Cash flows		
	Carrying Amount	**Upto 1 Year**	**1-3 years**	**More than 3 year**
Non-derivative financial liabilities				
Secured bank loans	34,505.62	400.00	2,000.00	32,105.62
Trade payables	234.81	234.81	-	-
Other financial liabilities	972.80	972.80	-	-
	35,713.23	**1,607.61**	**2,000.00**	**32,105.62**

April 1 ,2015

(Rs. in Lakhs)

		Contractual Cash flows		
	Carrying Amount	**Upto 1 Year**	**1-3 years**	**More than 3 year**
Non-derivative financial liabilities				
Secured bank loans	40,473.75	-	1,200.00	39,273.75
Trade payables	7,065.79	7,065.79	-	-
Other financial liabilities	723.46	723.46	-	-
	48,263.00	**7,789.25**	**1,200.00**	**39,273.75**

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c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

Foreign Currency risk is the risk that fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

Interest rate risk

Interest rate risk is the risk that fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The interest risk arises to the company mainly from long term borrowings with variable rates. The Company measures risk through sensitivity analysis.

The Company is exposed to Interest rate risk as it has variable interest rate borrowings.

The company's exposure to interest rate risk due to borrowings is as follows:

(Rs, in lakhs)

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
Borrowings outstanding	14	20,263.48	34,505.62	40,473.75
Borrowings Current maturities	17	800.00	400.00	-

Sensitivity analysis (Rs, in lakhs)

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	FY 2015-16
Increase or decrease in Interest by 25bp	69.96	94.22

Note : In case of Increase in Interest rate, Profit will reduce and vice versa

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	March 31 ,2017	March 31 ,2016	April 1 ,2015
Investments in Mutual Funds	6	125.63	-	-

Sensitivity analysis

Price Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	FY 2015-16
Increase or decrease in NAV by 2%	1.26	-

Note : In case of Decrease in NAV, Profit will reduce and vice versa

28. Service concession arrangement

The Company has entered into a service concession arrangement with National Highways Authorities of India (NHAI) for development, maintenance and management of Four Laning of 53.89 Km for the package from Walayar to Vadakkancherry Section of NH-47 from Km 182.250 to Km240.000 in the state of Kerala through Public Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (DBFOT) on Toll basis under NHDP-II for a period of 20 years including construction period, and the SCA dose not provide any alteration to the arrangement. The Company has achieved its 100% PCOD on 31st October, 2015.

The Company has received a cash support by way of grant for a sum of INR 26,460.00 Lakhs (29% of the total project cost). And the same was adjusted against the intangible asset.

The Company has right to charge users of asset as toll without any minimum guarantee from the grantor. Accordingly, the Company has recognised an intangible asset, At the end of the concession period the toll road will become the property of the grantor and the Company will have no further involvement in its operation or maintenance.

During the year, the Company has recorded revenue of INR 4,154.78 lakhs, consisting of INR Nil lakhs on construction and INR 4,154.78 Crores as toll.

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the toll road.

The Company has recognised a gross intangible asset of INR 58,530.14 Lakhs and the amortization is charged on the basis of useful life of asset.

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29 Contingent Liability and Commitments and Contingent Assets

(Rs. in Lakhs)

Particulars	2016-17	2015-16
a) Contingent Liability		
Claims against the company	Nil	Nil
b) Capital Commitment		
Commitment to the extent not provided for	Nil	Nil
c)Contingent Assets		
Claims made by company- arbitration	Nil	Nil

30 Remuneration paid to the Statutory Auditors

(Rs. In Lakhs)

Audit and Other Fees	2016-17	2015-16
Statutory Audit Fees	5.00	5.00
Taxation	0.50	-
Out of Pocket Expenses	0.15	0.14

31 Disclosure pursuant to Ind AS 33 "Earnings Per Share(EPS)"

(Rs. In Lakhs)

Particulars	2016-17	2015-16
i. Profit (loss) attributable to equity shareholders(basic)	(2350.81)	(4814.91)
ii. Weighted average number of equity shares (basic)	9.00	9.00
Basic EPS	**(261.20)**	**(534.99)**
i. Profit (loss) attributable to equity shareholders(diluted)	(2350.81)	(4814.91)
ii. Weighted average number of equity shares (diluted)	9.00	9.00
Diluted EPS	**(261.20)**	**(534.99)**

32 Employee Benefits

The disclosure is pursuant to the requirements of Ind AS - 19

Defined Benefit plans:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The amount to be recognized in the Balance Sheet:

(Rs. In Lakhs)

Particulars	2016-17	2015-16
Present value of the obligation at the end of the period	5.60	3.36
Fair value of plan assets at end of period	-	Nil
Net liability/(asset) recognized in Balance Sheet and related analysis	5.60	Nil
Funded Status	5.60	3.36

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Expense to be recognized in the statement of Profit and Loss:

(Rs. In Lakhs)

Particulars	2016-17	2015-16
Interest cost	0.27	Nil
Current service cost	0.43	0.35
Expected return on plan asset	-	Nil
Premium Expenses	-	Nil
Net actuarial (gain)/loss recognized in the period	1.54	3.01
Expenses to be recognized in the statement of profit and loss accounts	2.24	3.36

Table Showing Changes in Present Value of Obligations:

Particulars	2016-17	2015-16
Present value of the obligation at the beginning of the period	3.36	Nil
Interest cost	0.27	Nil
Current service cost	0.43	0.35
Benefits paid (if any)	Nil	Nil
Actuarial (gain)/loss	1.54	3.01
Present value of the obligation at the end of the period	5.60	3.36

Actuarial (Gain)/Loss on Planned Assets:

Particulars	2016-17	2015-16
Actual return on plan assets	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain/ (Loss)	1.54	3.01

Actuarial (Gain)/Loss recognized:

Particulars	2016-17	2015-16
Actuarial (gain)/loss – obligation	1.54	3.01
Actuarial (gain)/loss - plan assets	Nil	Nil
Total Actuarial (gain)/loss	1.54	3.01
Actuarial (gain)/loss recognized	1.51	3.01
Outstanding actuarial (gain)/loss at the end of the period	1.54	3.01

Summary of membership data at the date of valuation and statistics based thereon:

Particulars	2016-17	2015-16
Number of employees	61	61
Total monthly Basic salary	Rs 6.57	6.57
Average Past Service(Years)	1.62 years	1.62 years
Average remaining working lives of employees(Years)	34.31 years	34.31 years
Average Age(Years)	25.69 years	25.69 years

The assumptions employed for the calculations are tabulated:

Discount rate	8 % per annum
Salary Growth Rate	4%
Mortality	**IALM 2006-08 Ultimate**
Expected rate of return	0
Withdrawal rate (Per Annum)	5%

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33 Disclosure of Related Parties/ Related Party Transactions pursuant to Ind As 24: Related party Disclosure"

List of related parties and nature of relationship

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company & EPC Contractor
2	Mr. K. Narasimha Reddy	Director
3	Mr. K. Jalandhar Reddy	Director

Transactions during the year ended **(Rs. In Lakhs)**

S. No.	Name of the related party	Nature of transactions	March 31, 2017	March 31, 2016
1	KNR Constructions Limited	Deemed Equity (Unsecured loan)	13,000.00	13,150.00
		EPC Bill	-	5,707.24
		EPC Change of Scope	1,437.06	2,285.78
		O&M Expenditure	568.92	460.03
		Reimbursement of expenses	(174.47)	3,616.13
		Utility Shifting Expenses	-	82.01
		Utility Shifting Expenses paid	(15.12)	-
		Withheld - COS paid	(4.38)	222.42

Balances outstanding **(Rs. In Lakhs)**

S. No.	Name of the related party	Nature of transactions	March 31, 2017	March 31, 2016
1	KNR Constructions Limited	Share capital	90.00	90.00
		Deemed Equity (Unsecured loan)	39,651.00	26,651.00
		Withhold COS	-	4.38
		Utility Shifting Expenses Payable	-	15.12
		O&M Payable	46.46	219.69
		Other Expenses Payable	24.00	198.47

34 Investment Property

The lands controlled by the company during the period is an asset held for capital appreciation which generates cash flows largely independently of other assets held by the company, hence recognised as an investment property.
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any.
Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

For transition to Ind AS, the carrying value of Investment properties under IGAAP as on April 1, 2015 is regarded as its deemed cost.

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S. No.	Particulars	2016-17	2015-16
1	CIF Value of Imports	Nil	Nil
2	Expenditure in Foreign Currency	Nil	Nil
3	Earnings in Foreign Currency	Nil	Nil

36 Due to Micro, Small and Medium Enterprises

There has been no claimed transaction during the period with MICRO, Small and Medium Enterprises covered under the MICRO, Small and Medium Enterprises Development Act. (MSMED Act, 2006) Hence, reporting details of principal and interest does not arise.

37 Segment Information

The Company is into the business of developing the Infrastructure facility on BOT basis, and there are no separate reportable operating segments as per Ind AS 108.

38 Taxes on Income

The Company does not have any taxable income and book profit under Minimum Alternative Tax (MAT) 115JB. The Company is eligible for deduction under section 80IA of Income Tax Act and the tax holiday period of the company's project falls within the concession period of the company as defined in Section 80IA. Since deferred tax on Timing differences between Accounting Income and Taxable Income that arise during the year is reversing during such tax holiday period, no deferred tax asset/liability arises and accordingly no provision is made in the accounts.

39 Disclosure on Specified Bank notes (SBN)

During the year, the company had specified bank notes or other denomination note as defined in the MCA notification GSR 308 (E) dated March 31, 2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below:

(Rs. In Lakhs)

Particulars	Specified Bank Notes		Other Denomination Notes	Total
	Rs.500 denomination	Rs.1000 Denomination		
Closing Cash in hand as on 08.11.2016	0.49	5.81	22.04	28.34
Permitted Receipts (+)				
A) SBN: Only for agencies involved in Providing various items mentioned in exemptions notifications	4.52	1.19	--	5.71
B) Other Denomination: No Restriction	--	--	269.50	269.50
Permitted Payments (-)				
Other Denomination: No Restriction	--	--	--	--
Amount Deposited in Banks	5.01	7.00	258.54	270.55
Closing cash on hand as on 30.12.2016	**Nil**	**Nil**	**33.00**	**33:00**

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The amount disclosed as 'permitted receipts' in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

40 Previous year's figures have been regrouped/reclassified/rearranged wherever considered necessary.

For Gianender & Associates
Chartered Accountants
ICAI Regn. No.004661N

Divya Gupta
Partner
M.No.544094

Place: New Delhi
Date: 29.05.2017

For and on behalf of the Board

K. Narasimha Reddy
(Director)

K. Jalandhar Reddy
(Director)