NORTH KARNATAKA EXPRESSWAY LIMITED

FINANCIAL STATEMENTS

2016-2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTH KARNATAKA EXPRESSWAY LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **North Karnataka Expressway Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. 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 standalone financial statements that give a true and fair view of the financial position, financial performance, 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) specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design

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audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, its cash flows and changes in equity for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

(ii) As required by sub- section (3) of section 143 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 including other comprehensive income, the Cash Flow Statement and changes in equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, Balance Sheet, Statement of Profit and loss including other comprehensive income, Cash Flow Statement and statement of changes in equity comply with the Indian Accounting Standards referred to Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of written representations received from the Directors as on 31st March, 2017, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 as amended by the Companies (Audit and Auditors) Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations in its financial statements - Refer Note 28.1 of Financial Statement;

(ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) The Company was not in a position to provide adequate information to support the requisite disclosure made in Note no.31 in its financial as statements as to holding as well as dealing in Specified Bank Notes (SBN's) during the period from November 8, 2016 to December 30, 2016. Hence, we are not in a position to comment whether the requisite disclosures have been made and that they are in accordance with books of accounts maintained by Company.

for M P Chitale & Co
Chartered Accountants
Firm Regn No. 101851W

M.P. CHITALE & CO. C.A. MUMBAI

Murtuza Vajihi
Partner
ICAI M No. 112555

Place : Mumbai
Date : May 10, 2017

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT
(Refer to in paragraph 5 (i) of our report of even date)

i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all fixed assets.

(b) The Management has conducted physical verification of major fixed assets during the year. We are informed that no material discrepancies were noticed on such verification.

(c) The company does not possess any immovable property, this clause does not apply to the company.

ii) Since, the company does not have any inventory; these clauses do not apply to the company

iii) a) The company has granted an unsecured loan to a party covered in the register maintained U/S 189 of the Companies Act, 2013. In our opinion the terms and conditions of the grant of such loans are prima facie not prejudicial to the interest of the company.

b) In case of the above loan, the schedule of principal repayment and interest payment has been stipulated and based on the information and explanations furnished to us, we are of the opinion that prima facie receipt of principal is regular. *However, payment of interest has been irregular.*

c) There is no overdue principal amount in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act. *Amount of interest overdue for more than 90 days aggregates to Rs. 902.08 lakhs. The company was unable to provide adequate information to indicate the reasonable steps taken by the company for recovery of overdue interest.*

iv) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, the loan given by the company is not covered by Section 185 or Section 186 of The Companies Act, 2013 and hence, this clause is not applicable.

v) The Company has not accepted deposits from the public in terms of provisions of sections 73 to 76 of the Companies Act, 2013.

vi) Pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, we have broadly reviewed the cost records and are of the opinion that prima facie, the prescribed records have been made and maintained by the Company.

vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues have been

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regularly deposited with the appropriate authorities and there are no statutory dues that are outstanding more than six months at the end of year.

(b) Details of dues of Income tax which has not been deposited as on March 31, 2017 on account of disputes are given below:-

Statute	Nature of Dues	Forum Where dispute is pending	Period to which the amount relates(Assessment Year)	Amount involved (Rupee in Lakhs.)
Income Tax Act, 1961	Income Tax	ITAT	2005-06	180.64
		CIT(A)	2005-06	756.52
		CIT(A)	2007-08	2.13
		ITAT	2008-09	86.47
		ITAT	2009-10	74.17
		ITAT	2010-11	1.06
		ITAT	2011-12	1.03
Total				**1,102.02**

viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders.

ix) According to the information and explanations given to us the company has neither raised money by way of a public offer nor has it availed any term Loans from bank/ Financial institutions during the year.

x) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii) Since the company is not a nidhi company, this clause is not applicable to the company.

xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 as applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the company has not entered into any non cash transactions with directors or persons connected with him.

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(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for M P Chitale & Co
Chartered Accountants
Firm Regn No. 101851W

Murtuza Vajihi
Partner
ICAI M No. 112555

Place: Mumbai
Date : May 10, 2017

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Refer to in paragraph 5 (ii)(f) of our report of 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 North Karnataka Expressway Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

Auditors' Responsibility
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI to the extent applicable to an audit of internal financial controls. 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 were established and maintained and if such controls operated effectively in all material respects.

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

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

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Meaning of Internal Financial Controls Over Financial Reporting
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M P Chitale & Co
Chartered Accountants
Firm Regn No. 101851W

M.P. CHITALE & CO. C.A. MUMBAI

Murtuza Vajihi
Partner
ICAI M No. 112555
Place : Mumbai.
Date : May 10, 2017

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NORTH KARNATAKA EXPRESSWAY LIMITED
CIN : U45203MH2001PLC163992

Balance Sheet as at March 31, 2017

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Particulars	Note No	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
ASSETS							
Non-current Assets							
(a) Property, plant and equipment	5		107,123		25,766		50,612
(b) Capital work-in-progress	5		-		-		-
(c) Financial assets							
(i) Loans	6A		-		-		-
(ii) Other financial assets	7A		1,248,100,034		1,942,553,555		2,587,728,829
(d) Tax assets							
(i) Current Tax Asset (Net)	17	80,398,011	80,398,011	93,421,668	93,421,668	90,666,634	90,666,634
(e) Other non-current assets	9A		-		-		-
Total Non-current Assets			**1,328,605,168**		**2,036,000,989**		**2,678,446,075**
Current Assets							
(a) Financial assets							
(i) Cash and cash equivalents	8	886,300,672		735,957,299		752,337,562	
(ii) Loans	6B	251,500,000		795,000,000		700,000,000	
(iii) Other financial assets	7B	801,276,984	1,939,077,656	760,432,313	2,291,389,612	754,735,287	2,207,072,849
(b) Other current assets	9B		3,900,364		11,955,063		40,105,869
Total Current Assets			**1,942,978,020**		**2,303,344,675**		**2,247,178,718**
Total Assets			**3,271,583,187**		**4,339,345,664**		**4,925,624,793**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital	10	593,911,000		593,911,000		593,911,000	
(b) Other Equity	11	812,842,710		1,382,469,105		1,640,380,067	
Equity attributable to owners of the Company			**1,406,753,710**		**1,976,380,105**		**2,234,291,067**
Total Equity			**1,406,753,710**		**1,976,380,105**		**2,234,291,067**
LIABILITIES							
Non-current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	13	1,022,675,526		1,501,955,197		1,949,469,970	
(ii) Trade payables	16A	-		-		-	
(iii) Other financial liabilities	13A	-	1,022,675,526	-	1,501,955,197	-	1,949,469,970
(b) Provisions	14A		139,760,000		174,700,000		-
(c) Other non-current liabilities	15A		-		-		-
Total Non-current Liabilities			**1,162,435,526**		**1,676,655,197**		**1,949,469,970**
Current liabilities							
(a) Financial liabilities							
(i) Trade payables	16B	5,508,309		11,341,386		47,878,406	
(ii) Other financial liabilities	13B	661,640,000	667,148,309	674,600,000	685,941,386	693,780,000	741,658,406
(b) Provisions	14B		34,940,000		-		-
(c) Current tax liabilities (Net)	17		-		-		-
(d) Other current liabilities	15B		305,642		368,976		205,350
			702,393,951		686,310,362		741,863,756
Total Current Liabilities			**702,393,951**		**686,310,362**		**741,863,756**
Total Liabilities			**1,864,829,477**		**2,362,965,559**		**2,691,333,726**
Total Equity and Liabilities			**3,271,583,187**		**4,339,345,664**		**4,925,624,793**

Notes form part of the financial statements.

In terms of our report attached.
For M P Chitale & Co.
Chartered Accountants

Murtuza Vajihi
Partner
Date :May 10, 2017
Place: Mumbai

For and on behalf of the Board

Mr. S C Sachdeva
Managing Director
DIN No. - 00051945

Mr. Vijay Kini
Director
DIN No. - 06612768

Mr Swapnil Bhalekar
Chief Financial Officer
Date :May 10, 2017
Place : Mumbai

Ms Jyotsna Matondkar
Company Secretary

NORTH KARNATAKA EXPRESSWAY LIMITED
CIN : U45203MH2001PLC163992

Statement of Profit and Loss for the year ended March 31, 2017

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Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	18	371,288,797	432,966,229
Other income	19	120,342,780	139,684,889
Total Income		**491,631,577**	**572,651,118**
Expenses			
Operating expenses of SCA	20	131,418,386	132,560,729
Finance costs	21	183,391,673	228,101,510
Depreciation and amortisation expense	22	15,421	35,838
Other expenses	23	15,933,787	21,027,889
Total expenses		**330,759,267**	**381,725,966**
Profit before exceptional items and tax		**160,872,310**	**190,925,152**
Add: Exceptional items			
Profit before tax		**160,872,310**	**190,925,152**
Less: Tax expense			
(1) Current tax	24	40,700,000	74,591,994
(2) Deferred tax	24	-	-
		40,700,000	**74,591,994**
Profit for the period from continuing operations (I)		**120,172,310**	**116,333,158**
Profit from discontinued operations before tax			
Tax expense of discontinued operations		-	-
Profit from discontinued operations (after tax) (II)		-	-
Profit for the period (III=I+II)		**120,172,310**	**116,333,158**
Other Comprehensive Income			
Total other comprehensive income (IV=A (i-ii)+B(i-ii))		-	-
Total comprehensive income for the period (III+IV)		**120,172,310**	**116,333,158**
Profit for the period attributable to:			
- Owners of the Company		120,172,310	116,333,158
- Non-controlling interests			
		120,172,310	116,333,158
Earnings per equity share (for continuing operation):	25		
(1) Basic (in Rs.)		2.02	1.96
(2) Diluted (in Rs.)		2.02	1.96

Notes form part of the financial statements.

In terms of our report attached.
For M P Chitale & Co.
Chartered Accountants

Murtuza Vajihi
Partner
Date :May 10, 2017
Place: Mumbai

For and on behalf of the Board

Mr. S C Sachdeva
Managing Director
DIN No.- 00051945

Mr. Vijay Kini
Director
DIN No. - 06612768

Mr Swapnil Bhalekar
Chief Financial Officer
Date :May 10, 2017
Place : Mumbai

Ms Jyotsna Matondkar
Company Secretary

NORTH KARNATAKA EXPRESSWAY LIMITED
CIN : U45203MH2001PLC163992

Cash Flow Statement for the year ended March 31, 2017

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Particualrs	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities			
Profit for the period		120,172,310	116,333,158
Adjustments for:			
Income tax expense		40,700,000	74,591,994
Finance costs		183,391,673	228,101,510
Interest income on Investment		(103,889,185)	(138,334,253)
Depreciation		15,421	35,838
		240,390,219	**280,728,247**
Movements in working capital:			
(Increase)/decrease in other current and non current assets		8,048,046	20,128,727
Increase/ (Decrease) in trade and other payables		(6,060,037)	(36,310,060)
Movement in Receivable under Service Concession Arrangement (Net)		639,051,205	577,373,766
Increase/(Decrease) in other liabilities		163,626	(63,334)
		641,202,840	561,129,099
Cash generated from operations		**881,593,059**	**841,857,346**
Income taxes paid		(27,676,343)	(77,347,028)
Net cash generated by operating activities		**853,916,716**	**764,510,318**
Cash flows from investing activities			
Payments to acquire Property, Plant & Equipment		(96,778)	(10,992)
Interest received		118,453,485	208,460,807
Loan given to related parties		-	(95,000,000)
Repayments of loan by related parties		543,500,000	-
Net cash (used in)/generated by investing activities		**661,856,707**	**113,449,815**
Cash flows from financing activities			
Redemption of Debentures		(403,000,000)	(453,000,000)
Dividends paid on equity shares and dividend distribution tax		(689,798,705)	(199,544,120)
Finance costs paid		(272,631,344)	(241,796,276)
Net (used in)/ generated in financing activities		**(1,365,430,049)**	**(894,340,396)**
Net increase/ (decrease) in cash and cash equivalents		**150,343,373**	**(16,380,263)**
Cash and cash equivalents at the beginning of the		735,957,299	752,337,562
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies			
Cash and cash equivalents at the end of the period		**886,300,672**	**735,957,299**

Notes form part of the financial statements.

In terms of our report attached.
For M P Chitale & Co.
Chartered Accountants

Murtuza Vajihi
Partner
Date : May 10, 2017
Place: Mumbai

For and on behalf of the Board

Mr. S C Sachdeva
Managing Director
DIN No.- 00051945

Mr. Vijay Kini
Director
DIN No. - 06612768

Mr Swapnil Bhalekar
Chief Financial Officer
Date : May 10, 2017
Place : Mumbai

Ms Jyotsna Matondkar
Company Secretary

Notes forming part of the financial statements for the year ended March 31, 2017

North Karnataka Expressway Limited
General Information & Significant Accounting Policies

Note No-1

1. General information

The Company has been set up with the main object of promoting, developing, financing, building / constructing, modifying, operating and maintaining the Belgaum Maharashtra Border Road on NH - 4 and its ancillary facilities.

The Company has entered into a Service Concession Arrangement ("SCA") with the National Highways Authority of India ("NHAI") on 20th November, 2001, for the rehabilitation and strengthening of the existing 2 lanes from Km 515 to Km 592 stretch of National Highway 4 ("NH - 4") (i.e. the Dharwad-Maharashtra border section of NH - 4 in the State of Karnataka – hereinafter referred to as the "Road") and the widening thereof into a 4 lane dual carriageway on a Build-Operate-Transfer ("BOT") basis.

The Concession under the SCA has been granted to the Company for a period of 17 years and 6 months from 20th June, 2002; thus, the concession period ends on 19th December, 2019. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The SCA does not provide for renewal options.

The Company completed the construction of the Road on 19th July, 2004. The Company is required to operate and maintain the Road to standards defined in the SCA either by itself or through a qualified contractor. Maintenance activities include routine maintenance, periodic maintenance of the flexible pavement at predefined intervals, periodic maintenance of the rigid pavement at the end of a predefined period and emergency maintenance. The Company is also required to insure the Road, carry out other maintenance works including maintenance of illumination installations, traffic signs and markings, landscaping, safety barriers and pedestrian guard rails, service area, Road, furniture etc. In consideration for performing its obligations under the SCA, the Company is entitled to an annuity, with predefined sums payable on dates specified in the SCA. NHAI retains the rights to levy and collect fees from the users of the Road and to permit advertisements, hoardings and other commercial activity at the Road site. At the end of the concession period, the Company will hand back the Road to the NHAI without additional consideration. Having regard to the terms of the arrangement, the Company has classified its right to receive the annuity as a financial asset (i.e. "Receivables under the Service Concession Arrangement").

Note No-2

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note xx for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these [consolidated] financial statements is determined on this basis.

The principal accounting policies are set out below.

2.3 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Note No-3

3.1 Accounting for rights under service concession arrangements and revenue recognition

i. Recognition and measurement

The Company builds, operates and maintains infrastructure assets under public-to-private Service Concession Arrangements (SCAs), which is an arrangement between the "grantor" (a public sector entity/authority) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise. The infrastructures accounted for by the Company as concessions are mainly related to the activities concerning roads.

Concession contracts are public-private agreements for periods specified in the SCAs including the construction, upgradation, restoration of infrastructure and future services associated with the operation and maintenance of assets in the concession period. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 3.1.iii.

With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation & maintenance services, and are accounted for separately. Consideration received or receivable is allocated by reference to the relative fair value of services delivered when the amounts are separately identifiable. The infrastructures used in a concession are classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the concession agreement.

When the amount of the arrangement consideration for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset and the same is classified as "Receivables against Service Concession Arrangements". The Company accounts for such financial assets at amortized cost, calculates interest income based on the effective interest method and recognizes it in revenue as Finance Income.

ii. Contractual obligation to restore the infrastructure to a specified level of serviceability

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition during the concession period and/or at the time of hand over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of concession arrangements under financial asset model, such costs are recognized in the period in which such costs are actually incurred.

iii. Revenue recognition

Once the infrastructure is in operation, the treatment of income is as follows:

Finance income for concession arrangements under financial asset model is recognized using the effective interest method. Revenues from operations and maintenance services and overlay services are recognized in each period as and when services are rendered in accordance with Ind AS 18 Revenue.

iv. Revenue from construction contracts

The Company recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with Ind AS 11 'Construction Contracts'.

When the outcome of a construction contract can be estimated reliably and it is probable that it will be profitable, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

v. Borrowing cost related to SCAs

In case of concession arrangement under financial asset model, borrowing costs attributable to construction of the infrastructure are charged to Statement of Profit and Loss in the period in which such costs are incurred.

In case of concession arrangement under intangible asset model, borrowing costs attributable to the construction of infrastructure assets are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs subsequent to the capitalization of the intangible assets are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

vi. **Claims**

Claims raised with the concession granting authority towards reimbursement for costs incurred due to delay in handing over of unencumbered land to the Company for construction or other delays attributable solely to the concession granting authority are recognised when there are is a reasonable certainty that there will be inflow of economic benefits to the Company. The claims when recognized as such are reduced from the carrying amount of the intangible asset / financial asset under the service concession arrangement, as the case may be, to the extent the claims relate to costs earlier included as a part of the carrying amount of these assets. Further, these claims are credited to profit or loss to the extent they relate to costs earlier debited to profit or loss. The claims are presented separately as a financial asset

3.2 Borrowing costs

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which tare incurred.

3.3 Taxation

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The provision for tax is taken for each consolidating entity on the basis of the standalone financial statements prepared under Ind AS by that entity and aggregated for the purpose of the consolidated financial statements.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets (including unused tax credits such as MAT credit and unused tax losses such as carried forward business loss and unabsorbed depreciation) are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of to recover or settle the carrying amount of its assets and liabilities.

3.4 Property, plant and equipment

Property, plant and equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying of the asset and is recognised in profit or loss.

3.5 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rate.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.6 Financial instruments

Financial assets and financial liabilities are recognized when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL) are recognized immediately in the statement of profit and loss.

3.7 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.7.1 Classification of financial assets – debt instruments

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

3.7.2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

3.7.3 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.7.3.1 Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If [the Company] the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), [the Company] the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.7.4 Modification of Cash Flows of financial assets and revision in estimates of Cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If the Company revises its estimates of payments or receipts (excluding modifications and changes in estimates of expected credit losses), it adjusts the gross carrying amount of the financial asset or amortized cost of a financial liability to reflect actual and revised estimated contractual cash flows. The Company recalculates the gross carrying amount of the financial asset or amortized cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss as income or expense.

3.8 Financial liabilities and equity instruments-

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate

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

3.8.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

3.8.2 Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method

3.8.3 Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.8.4 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.9 Cash and cash equivalents

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

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

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Note No-4

4.1 First-time adoption optional exemptions

4.1.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below

4.1.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

4.1.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

4.1.4 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date.

4.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4.1.6 Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

Consequently,

- the Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- the Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree; the Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;

- the Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- the effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The Company has not applied Ind AS 21 - The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the transition date.

The above exemptions in respect of business combinations have also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

4.2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the Financial Statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of Financial Statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of receivable under SCA, valuation of deferred tax assets, provisions and contingent liabilities.

Notes forming part of the financial statements for theyear ended March 31, 2017

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Statement of changes in equity for the period ended March 31, 2017		
a. Equity share capital	**For the Year Ended March 31, 2017**	**For the Year Ended March 31, 2016**
Balance as at the beginning of the period	593,911,000	593,911,000
Changes in equity share capital during the period	-	-
Balance as at end of the period	**593,911,000**	**593,911,000**

March 2017

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Statement of changes in equity for the period ended March 31, 2017						
b. Other equity	**Reserves and surplus**					
	Debenture Redemption Reserve	**Retained earnings**	**Total**	**Attributable to owners of the Company**	**Non-controlling interests**	**Total**
Balance as at April 1, 2016	652,230,000	730,239,105	1,382,469,105	1,382,469,105	-	1,382,469,105
Profit for the year	-	120,172,310	120,172,310	120,172,310	-	120,172,310
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**120,172,310**	**120,172,310**	**120,172,310**	**-**	**120,172,310**
Payment of dividends	-	(573,124,118)	(573,124,118)	(573,124,118)		(573,124,118)
Transfer from / to retained earnings	(168,650,000)	168,650,000	-	-		-
Dividend Distribution Tax	-	(116,674,587)	(116,674,587)	(116,674,587)		(116,674,587)
Balance as at March 31, 2016	**483,580,000**	**329,262,710**	**812,842,710**	**812,842,710**	**-**	**812,842,710**

March 2016

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Statement of changes in equity for the period ended March 31, 2016						
b. Other equity	**Reserves and surplus**					
	Debenture Redemption Reserve	**Retained earnings**	**Total**	**Attributable to owners of the Company**	**Non-controlling interests**	**Total**
Balance as at April 1, 2015	589,200,476	1,051,179,591	1,640,380,067	1,640,380,067	-	1,640,380,067
Profit for the year		116,333,158	116,333,158	116,333,158	-	116,333,158
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**116,333,158**	**116,333,158**	**116,333,158**	**-**	**116,333,158**
Payment of dividends		(166,295,081)	(166,295,081)	(166,295,081)		(166,295,081)
Transfer from / to retained earnings	63,029,524	(63,029,524)	-	-		-
Dividend Distribution Tax		(33,249,039)	(33,249,039)	(33,249,039)		(33,249,039)
Mat Liability of Previous year		(174,700,000)	(174,700,000)	(174,700,000)		(174,700,000)
Balance as at March 31, 2016	**652,230,000**	**730,239,105**	**1,382,469,105**	**1,382,469,105**	**-**	**1,382,469,105**

NORTH KARNATAKA EXPRESSWAY LIMITED

Ind AS 101 reconciliations
Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)			Control total	As at April 1, 2015 (Date of transition)			Control Total
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	
Non-current assets									
(a) Property, plant and equipment		25,766		25,766	-	50,612		50,612	-
(b) Capital work-in-progress				-	-	261,038,858	(261,038,858)	-	-
(c) Investment property				-	-			-	-
(d) Intangible assets									
(i) Goodwill				-	-			-	-
(ii) under SCA		1,662,449,820	(1,662,449,820)	-	-	1,816,013,792	(1,816,013,792)	-	-
(iii) others				-	-			-	-
(iv) Intangible assets under development				-	-			-	-
(e) Financial assets									
(i) Investments									
a) Investments in associates				-	-			-	-
b) Investments in joint ventures				-	-			-	-
c) Other investments				-	-			-	-
(ii) Trade receivables				-	-			-	-
(iii) Loans				-	-			-	-
(iv) Other financial assets		65,556	1,942,487,999	1,942,553,555	-	64,656	2,587,664,173	2,587,728,829	-
(f) Tax assets									
(i) Deferred Tax Asset (net)				-	-			-	-
(ii) Current Tax Asset (Net)		93,421,668		93,421,668	-	90,666,634		90,666,634	-
(g) Other non-current assets		10,483,771	(10,483,771)	-	-	18,155,500	(18,155,500)	-	-
Total non-current assets		**1,766,446,581**	**269,554,408**	**2,036,000,989**	-	**2,185,990,052**	**492,456,023**	**2,678,446,075**	-
Current assets									
(a) Inventories				-	-			-	-
(b) Financial assets									
(i) Investments				-	-			-	-
(ii) Trade receivables				-	-			-	-
(iii) Cash and cash equivalents		735,957,299		735,957,299	-	752,337,562		752,337,562	-
(iv) Bank balances other than (iii) above				-	-			-	-
(v) Loans		795,000,000		795,000,000	-	700,000,000		700,000,000	-
(vi) Other financial assets		402,916,634	357,515,680	760,432,313	-	484,859,234	269,876,053	754,735,287	-
(c) Current tax assets (Net)				-	-			-	-
(d) Other current assets		19,630,316	(7,675,253)	11,955,063	-	49,685,509	(9,579,640)	40,105,869	-
		1,953,504,249	**349,840,427**	**2,303,344,675**		**1,986,882,305**	**260,296,414**	**2,247,178,718**	
Assets classified as held for sale				-	-				-
Total current assets		**1,953,504,249**	**349,840,427**	**2,303,344,675**	-	**1,986,882,305**	**260,296,414**	**2,247,178,718**	-
Total Assets		**3,719,950,830**	**619,394,835**	**4,339,345,664**	-	**4,172,872,357**	**752,752,436**	**4,925,624,793**	-
Equity									
(a) Equity share capital		593,911,000		593,911,000	-	593,911,000		593,911,000	-
(b) Other Equity		738,641,452	643,827,653	1,382,469,105	-	657,799,008	982,581,059	1,640,380,067	-
Equity attributable to owners of the Company		**1,332,552,452**	**643,827,653**	**1,976,380,105**	-	**1,251,710,008**	**982,581,059**	**2,234,291,067**	-
Non-controlling interests					-				-
Total equity		**1,332,552,452**	**643,827,653**	**1,976,380,105**	-	**1,251,710,008**	**982,581,059**	**2,234,291,067**	-
Minority interest (previous GAAP)				-	-			-	
Non-current liabilities									
Financial liabilities									
(i) Borrowings		973,000,000	528,955,197	1,501,955,197	-	1,376,000,000	573,469,970	1,949,469,970	-
(ii) Trade and other payables				-	-			-	-
(ii) Other financial liabilities		580,533,685	(580,533,685)	-	-	635,354,473	(635,354,473)	-	-
Provisions			174,700,000	174,700,000	-				-
Deferred tax liabilities (Net)			-	-	-		-	-	-
Other non-current liabilities			-	-	-			-	-
Total non-current liabilities		**1,553,533,685**	**123,121,512**	**1,676,655,197**	-	**2,011,354,473**	**(61,884,503)**	**1,949,469,970**	-
Current liabilities									
Financial liabilities									
(i) Borrowings				-	-			-	-
(ii) Trade and other payables		11,341,388		11,341,386	-	47,878,406		47,878,406	-
(iii) Other financial liabilities		643,450,000	31,150,000	674,600,000	-	662,180,000	31,600,000	693,780,000	-
Provisions		178,704,328	(178,704,328)	-	-	199,544,120	(199,544,120)	-	-
Current tax liabilities (Net)				-	-			-	-
Other current liabilities		368,976	-	368,976	-	205,350		205,350	-
		833,864,692	**(147,554,328)**	**686,310,362**		**909,807,876**	**(167,944,120)**	**741,863,756**	
Liabilities directly associated with assets classified as held for sale									
Total current liabilities		**833,864,692**	**(147,554,328)**	**686,310,362**	-	**909,807,876**	**(167,944,120)**	**741,863,756**	-
Total liabilities		**2,387,398,377**	**(24,432,816)**	**2,362,965,559**	-	**2,921,162,349**	**(229,828,623)**	**2,691,333,726**	-
Total equity and liabilities		**3,719,950,830**	**619,394,835**	**4,339,345,664**	-	**4,172,872,357**	**752,752,436**	**4,925,624,793**	-

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)	As at April 1, 2015 (Date of transition)
Total equity / shareholders' funds under previous GAAP		1,332,552,452	1,251,710,008
Adjustments:			
Accounting for the financial asset under SCA	A	644,676,617	807,447,558
Reduction in Borrowings due to Effective Interest Rate Method	B	2,269,460	2,549,361
Reversal of Proposed Dividend	C	178,704,328	199,544,120
Reduction in Int receivable on loan due to Effective Interest Rate Method	D	(7,122,752)	(26,959,980)
Provision for Previou year MAT Liability	E	(174,700,000)	
Total adjustment to equity		**643,827,653**	**982,581,059**
Total equity under Ind AS		**1,976,380,105**	**2,234,291,067**
Control Total		-	-

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	Ind AS	Control Total
Revenue from Operations	A	1,010,340,000	(577,373,771)	432,966,229	-
Other income		119,847,664	19,837,225	139,684,889	-
Total Income		**1,130,187,664**	**(557,536,546)**	**572,651,118**	-
Expenses					
Construction costs					-
Operating expenses of SCA	A	122,682,902	9,877,827	132,560,729	-
Cost of materials consumed				-	-
Purchases of stock-in-trade				-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress				-	-
Employee benefits expense				-	-
Finance costs	B	227,821,612	279,898	228,101,510	-
Depreciation and amortisation expense	A	424,516,495	(424,480,657)	35,838	-
Impairment loss on financial assets				-	-
Reversal of impairment on financial assets				-	-
Other expenses		21,027,889		21,027,889	-
Total expenses		**796,048,898**	**(414,322,932)**	**381,725,966**	-
Add: Share of profit/(loss) of associates				-	-
Add: Share of profit/(loss) of joint ventures				-	-
Profit before exceptional items and tax		**334,138,766**	**(143,213,614)**	**190,925,152**	-
Add: Exceptional items					
Profit before tax		**334,138,766**	**(143,213,614)**	**190,925,152**	-
Less: Tax expense					
(1) Current tax		74,591,994		74,591,994	-
(2) Deferred tax			-	-	-
		74,591,994	-	**74,591,994**	-
Profit for the period from continuing operations (I)		**259,546,772**	**(143,213,614)**	**116,333,158**	-
Profit from discontinued operations before tax				-	-
Tax expense of discontinued operations				-	-
Profit from discontinued operations (after tax) (II)		-	-	-	-
Share of minority interests (III)				-	-
Profit for the period (IV=I+II-III)		**259,546,772**	**(143,213,614)**	**116,333,158**	-
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
a) Changes in revaluation surplus				-	-
b) Remeasurements of the defined benefit plans				-	-
c) Equity instrument through other comprehensive income				-	-
d) Others				-	-
e) Share of other comprehensive income in associates and joint ventures, to the extent not to be reclassified to profit or loss				-	-
Total A (i)		-	-	-	-
A (ii) Income tax relating to items that will not be reclassified to profit or loss				-	-
B (i) Items that may be reclassified to profit or loss					
a) Exchange differences in translating the financial statements of foreign operations including the gain / loss on related hedging instrument				-	-
b) Debt instruments through other comprehensive income				-	-
c) Effective portion of gains and losses on designated portion of hedging instruments in a cash flow hedge				-	-
d) Others (specify nature)				-	-
e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss				-	-
Total B (i)		-	-	-	-
B (ii) Income tax relating to items that may be reclassified to profit or loss				-	-
Total other comprehensive income [V=A (i-ii)+ B (i-ii)]		-	-	-	-
Total comprehensive income for the period (IV+V)		**259,546,772**	**(143,213,614)**	**116,333,158**	-

Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars		Year ended March 31, 2016 (Latest period presented under previous GAAP)
Profit as per previous GAAP		259,546,772
Adjustments:		
Margin on Construction Services		(577,373,771)
Decapitalisation of overlay expenses		(9,877,827)
Reduction in amortisation due to de-recognition of Intangible assets		424,480,657
Other impacts on account of application of Effective interest rate model and expected credit loss model on financial instruments		19,557,327
Total adjustments		**(143,213,614)**
Total comprehensive income under Ind AS		**116,333,158**
Control Total		-

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)			Control Total
		Previous GAAP	**Effect of transition to Ind AS**	**Ind AS**	
Net cash flows from operating activities		774,388,158	(9,877,841)	764,510,318	-
Net cash flows from investing activities		103,571,988	9,877,827	113,449,815	-
Net cash flows from financing activities		(894,340,410)	14	(894,340,396)	-
Net increase (decrease) in cash and cash equivalents		**(16,380,264)**	-	**(16,380,263)**	-
Cash and cash equivalents at the beginning of the period		**752,337,562**		**752,337,562**	-
Effects of exchange rate changes on the balance of cash held in foreign currencies				-	-
Cash and cash equivalents at the end of the period		**735,957,299**	-	**735,957,299**	-

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS

	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)	As at April 1, 2015 (Date of transition)
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP		**735,957,299**	**752,337,562**
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS		**735,957,299**	**752,337,562**
Control Total		-	

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

5.Property, plant and equipment

March 2017

₹

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment			Carrying Amount	
	Balance as at April 1, 2016	Additions	Disposals	Balance at March 31, 2017	Balance as at April 1, 2016	Depreciation expense	Balance at March 31, 2017	Balance at March 31, 2017	As at April 1, 2016
Property plant and equipment									
Vehicles	544,013	67,778	-	611,791	527,222	4,737	531,959	79,832	16,791
Data processing equipments	451,505	29,000	-	480,505	451,488	6,416	457,904	22,601	17
Office equipments	216,277	-	-	216,277	207,341	4,268	211,609	4,668	8,936
Furniture and fixtures	132,608	-	-	132,608	132,586	-	132,586	22	22
Subtotal	**1,344,403**	96,778	-	1,441,181	1,318,637	15,421	1,334,058	107,123	25,766
Capital work-in-progress	-			-	-		-	-	-
Total	**1,344,403**	**96,778**	**-**	**1,441,181**	**1,318,637**	**15,421**	**1,334,058**	**107,123**	**25,766**

March 2016

₹

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment			Carrying Amount	
	Balance as at April 1, 2015	Additions	Disposals	Balance at March 31, 2016	Balance as at April 1, 2015	Depreciation expense	Balance at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Property plant and equipment									
Vehicles	544,013	-	-	544,013	523,636	3,586	527,222	16,791	20,377
Data processing equipments	451,505	-	-	451,505	444,884	6,604	451,488	17	6,621
Office equipments	216,277	-	-	216,277	192,683	14,658	207,341	8,936	23,594
Furniture and fixtures	121,616	10,992	-	132,608	121,596	10,990	132,586	22	20
Subtotal	**1,333,411**	10,992	-	1,344,403	1,282,799	35,838	1,318,637	25,766	50,612
Capital work-in-progress	-			-	-		-	-	-
Total	**1,333,411**	**10,992**	**-**	**1,344,403**	**1,282,799**	**35,838**	**1,318,637**	**25,766**	**50,612**

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

6. Loans

6A. Loans - Non Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Loans to related parties			
-Secured, considered good	-	-	-
-Unsecured, considered good (see below)	-	-	-
-Doubtful	-	-	-
Less : Allowance for bad and doubtful loans	-	-	-
subtotal (a)	-	-	-
b) Loans to other parties	-	-	-
subtotal (b)	-	-	-
Total (a+b)	-	-	-

6B. Loans -Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Loans to related parties (Refer note 13B.1)			
-Secured, considered good	-	-	-
-Unsecured, considered good	251,500,000	795,000,000	700,000,000
-Doubtful	-	-	-
Less : Allowance for bad and doubtful loans	-	-	-
subtotal (a)	**251,500,000**	**795,000,000**	**700,000,000**
b) Loans to other parties	-	-	-
subtotal (b)	-	-	-
Total (a+b)	**251,500,000**	**795,000,000**	**700,000,000**

7. Other financial assets

7A. Other financial assets - Non current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Receivable under service concession arrangements (A)	**1,248,034,478**	**1,942,487,999**	**2,587,664,173**
Others Unsecured			
Security Deposit	65,556	65,556	64,656
Total(B)	**65,556**	**65,556**	**64,656**
Total (A+B)	**1,248,100,034**	**1,942,553,555**	**2,587,728,829**

7B. Other financial assets - Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Receivable under service concession arrangements (A)	**700,578,491**	**645,176,173**	**577,373,773**
Others Unsecured			
Interest on Fixed Deposit	-	-	-
Interest accrued and due on Short term loan from Related Parties	92,670,661	107,234,961	177,361,515
Receivable from ITNL	8,021,179	8,021,179	-
WCT Receivable	6,653	-	-
Total(B)	**100,698,493**	**115,256,140**	**177,361,515**
Total (A+B)	**801,276,984**	**760,432,313**	**754,735,287**

8. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks	886,298,333	735,935,900	752,335,748
Cheques, drafts on hand	-	-	-
Cash on hand	2,339	21,399	1,814
Cash and cash equivalents	**886,300,672**	**735,957,299**	**752,337,562**
Unpaid dividend accounts	-	-	-
Fixed Deposits	-	-	-
Other bank balances	-	-	-

FOOT NOTE:
Details of Bankwise blance

₹

Bank Name	As at March 31, 2017	As at March 31, 2016
Deutsche Bank AG Current A/c No 1532605000	8,449,286	21,990,441
DB AG OperationStatutory Dues A/c 1532605001	16,436,561	5,040,071
DB AG Operation & Maintenance A/c No 1532605002	24,730,366	29,955,001
DB AG Major Maintenance Reserve A/c No 1532605003	148,130,034	62,130,038
DB AG Contingency A/c No 1532605004	235,000,035	185,000,060
DB AG Debt Repayment A/c No 1532605005	38	81
DB AG DSRA A/c No 1532605006	400,000,015	400,000,074
NKEL -- Bandra	49,910,317	26,843,435
NKEL -- Belgaum	417,129	3,945,698
NKEL Rupee Loan Sub A/C (6510)	3,224,552	1,031,001
Total Balances with banks in current accounts (Including Restricted DSRA balance)	**886,298,333**	**735,935,900**

9. Other assets

9A. Other assets - Non Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances to Related Party	-	-	-
Advances to related parties	-	-	-
Prepaid Expenses	-	-	-
Total	-	-	-

9B. Other assets - Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Mobilisation advance paid to related party	-	-	24,098,900
Unbilled revenue (refer footnote below)	3,210,431	11,071,734	15,014,880
Sundry advance paid to others	-	204,348	204,348
Prepaid Expenses	689,933	678,981	787,741
Total	**3,900,364**	**11,955,063**	**40,105,869**

Footnote: As per NHAI Instructions, certain additional work of reimbusement nature has been carried out for which bills have not been raised to NHAI.

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

10. Equity Share Capital

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital	593,911,000	593,911,000	593,911,000
Total	**593,911,000**	**593,911,000**	**593,911,000**

Authorised Share capital :			
100,581,000 fully paid equity shares of Rs.10 each	1,005,810,000	1,005,810,000	1,005,810,000
Issued and subscribed capital comprises:	**1,005,810,000**	**1,005,810,000**	**1,005,810,000**
Equity shares of Rs. 10/- each fully paid up (as at March 31, 2016: 593,911,00; as at April 1, 2015: 593,911,00)	593,911,000	593,911,000	593,911,000
	593,911,000	**593,911,000**	**593,911,000**

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

10.1 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
IL&FS Transportation Networks Limited, the holding company	7,720,823	7,720,823	7,720,823
Infrastructure Leasing & Financial Services Limited, the ultimate Holding Company	3,860,441	3,860,441	3,860,441
ITNL Road Investment Trust (IRIT) Subsidiary of the holding company	43,949,380	43,949,380	43,949,380
Total	**55,530,644**	**55,530,644**	**55,530,644**

10.2 Details of Equity shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
Fully paid equity shares						
IL&FS Transportation Networks Limited	7,720,823	13.00	7,720,823	13.00	7,720,823	13.00
Infrastructure Leasing & Financial Services Limited	3,860,441	6.50	3,860,441	6.50	3,860,441	6.50
ITNL Road Investment Trust (IRIT)	43,949,380	74.00	43,949,380	74.00	43,949,380	74.00
Punj Lloyd Limited	3,860,456	6.50	3,860,456	6.50	3,860,456	6.50
Total	**59,391,100.00**	**100.00**	**59,391,100.00**	**100.00**	**59,391,100**	**100.00**

10.3Rights, preferences and restrictions attached to shares

Equity Shares:

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11. Other Equity

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	As at April 1, 2015
General reserve			
Balance at beginning of the period	-	-	-
Movements [describe]	-	-	-
Balance at end of the period	-	-	-
Retained earnings			
Balance at beginning of the period	730,239,105	1,051,179,591	1,051,179,591
Profits / Loss During the period	120,172,310	116,333,158	-
Transfer to Debenture Redemption Reserve	168,650,000	(63,029,524)	-
Payment of Dividend (including tax thereon)	(689,798,705)	(199,544,120)	-
Mat Provision for previous year	-	(174,700,000)	-
Balance at end of the period	**329,262,710**	**730,239,105**	**1,051,179,591**
Debenture redemption reserve			
Balance at beginning of the period	652,230,000	589,200,476	589,200,476
Transfer to/ from Statement of Profit and Loss	(168,650,000)	63,029,524	-
Balance at end of the period	**483,580,000**	**652,230,000**	**589,200,476**
Balance at end of the period	-	-	-
Total	**812,842,710**	**1,382,469,105**	**1,640,380,067**

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

12. Non-current Borrowings

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured – at amortized cost			
(i) Non Convertible Debentures from others [Refer Note 12.1(i),(ii) & (iii)]	1,022,675,526	1,501,955,197	1,949,469,970
(ii) Other loans	-	-	-
Total Non-current borrowings	**1,022,675,526**	**1,501,955,197**	**1,949,469,970**

12.1 Summary of borrowing arrangements

(i) On December 9, 2010, the Company had issued 4,636 Secured, Rated, Taxable, Zero-Coupon, Redeemable Non-Convertible Debentures ("NCDs") of Rs.1,000,000/- each fully paid carrying a yield to maturity of 9.00% p.a. (calculated semi-annually) on private placement basis (to Deutsche Bank International Asia – Debt Fund and Deutsche Investments India Private Limited (the "Investors")). These NCDs are redeemable in nineteen semi-annual installments commencing from March 11, 2011 and ending on January 15, 2020. The Company has the right to purchase such debentures at any time at the price available in the Debt market in accordance with the applicable laws.

The first charge in favour of the Debenture Trustee acting for the benefit of the Investors has been created and has also been registered.

(ii) Secured By:
(1) all bank accounts of the Company;
(2) all rights, title and interests of the Company in, to and under all movable properties and assets of the Company;
(3) all rights, title and interests of the Company in, to and under all Project Agreements, clearances, Insurance Contracts, incorporeal rights and
(4) all amounts/receivables due to or received by the Company, including those from NHAI under the terms of the Concession Agreement).

(iii) There were no defaults in redemptions of Non convertible debentures (including payments of redemption premia along with the redemption of face value of debentures) during the nine months ended March 31, 2017 and year ended March 31, 2016.

13. Other financial liabilities

13A. Other financial liabilities - Non Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Interest accrued and Not Due on Debentures	-	-	-
(b) Others :-			
- Retention money payable	-	-	-
Total	-	-	-

13B. Other financial liabilities - Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Current maturities of long-term debt			
-Secured Non convertible debentures	661,640,000	674,600,000	693,780,000
(b) Others :-			
-Provision for Expenses	-	-	-
-Nomination Deposit	-	-	-
Total	**661,640,000**	**674,600,000**	**693,780,000**

14. Provisions

14A. Provisions - Non current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee benefits	-	-	-
Other Provisions			
- MAT Liabilty of Earlier Period	139,760,000	174,700,000	-
Total	**139,760,000**	**174,700,000**	-

14B. Provisions - Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee benefits	-	-	-
Other Provisions			
- MAT Liabilty of Earlier Period	34,940,000	-	-
Total	**34,940,000**	-	-

15. Other liabilities

15A. Other non-current liabilities

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advances	-	-	-
(b) Others	-	-	-
Total	-	-	-

15B. Other current liabilities

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advances	-	-	-
(b) Others			
-Statutory Dues	305,642	368,976	205,350
Total	**305,642**	**368,976**	**205,350**

16. Trade payables

16A. Trade payables - Non Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
-To Related Parties	-	-	-
-To Others	-	-	-
Total	-	-	-

16B. Trade payables - Current

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
-To Related Parties	335,014	7,448,595	38,707,773
-To Others	5,173,295	3,892,791	9,170,633
Total	**5,508,309**	**11,341,386**	**47,878,406**

17. Current tax assets and liabilities

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current tax assets			
Benefit of tax losses to be carried back to recover taxes paid in prior periods	-	-	-
Tax refund receivable	-	-	-
Advance Payment of Taxes (Net of Provision)	80,398,011	93,421,668	90,666,634
	80,398,011	93,421,668	90,666,634
Current tax liabilities			
Income tax payable (net of advance taxes)	-	-	-
Others [describe]	-	-	-
	-	-	-
Current Tax Liabilities (current portion)	-	-	-
Current Tax Assets (non-current portion)	80,398,011	93,421,668	90,666,634

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

18. Revenue from operations

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Operation and maintenance income	138,440,898	130,801,598
(b) Periodic maintenance income	-	9,039,924
(c) Finance income	232,847,899	293,124,707
Total	**371,288,797**	**432,966,229**

19. Other Income

a) Interest Income

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Bank deposits	47,248,600	51,790,113
Interest income on loans to related parties	56,640,585	86,544,140
Total (a)	**103,889,185**	**138,334,253**

b) Dividend Income

Dividends from equity investments (b)	-	-

c) Other Non-Operating Income (Net of expenses directly attributable to such income)

Miscellaneous income- Interest Income- Income Tax	13,583,102	-
Other Income		
Income from Utility Shifting	2,870,493	1,350,636
Total (c)	**16,453,595**	**1,350,636**

d) Other gains and losses

Gain/(loss) on disposal of property, plant and equipment	-	-
Net gain / (loss) on derecognition of financial assets measured at amortized cost	-	-
Total (d)	-	-
(a+b+c+d)	**120,342,780**	**139,684,889**

20. Operating Expenses of SCA

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Operating Expenses of SCA		
Operation and maintenance expenses	125,225,090	118,136,880
Independent Engineer Fees	6,193,296	4,546,022
Periodic maintenance expenses	-	9,877,827
Total	**131,418,386**	**132,560,729**

21. Finance costs

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Continuing operations		
(a) Interest costs :-		
Interest on Debentures issued to other than related parties	174,682,968	217,509,898
Other interest expense	-	-
Sub Total	**174,682,968**	**217,509,898**
(a) Other borrowing costs	8,708,705	10,591,612
Total	**183,391,673**	**228,101,510**

22. Depreciation and amortization expense

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment pertaining to continuing operations (Note 5)	15,421	35,838
Total depreciation and amortization pertaining to continuing operations	**15,421**	**35,838**

23. Other expenses

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Deputation Cost	1,896,705	1,770,197
Rent expense	105,576	90,778
Travelling and conveyance	266,889	230,049
Legal and consultation fees	3,846,914	5,525,055
Rates and taxes	1,132,365	394,052
Repairs and Maintenance	484,079	341,822
Communication expenses	103,129	103,414
Insurance	2,774	124,247
Printing and Stationary	72,377	85,781
Electricity Charges	30,024	29,473
Directors Fees	654,500	490,000
Auditors' Remuneration	785,600	1,374,904
Registration expenses	5,000	28,090
CSR Expenses	3,220,652	8,374,065
Donation	-	50,000
Expenses for Utility Shifting	2,870,493	1,350,636
Miscellaneous expenses	456,710	665,326
Total	**15,933,787**	**21,027,889**

₹

Payments to auditors	Year ended March 31, 2017	Year ended March 31, 2016
a) For audit	250,000	250,000
b) For taxation matters	125,000	377,500
c) For company law matters	-	-
d) For other services	305,000	575,000
e) Service Tax on above	102,000	172,404
f) For reimbursement of expenses	3,600	-
Total	785,600	1,374,904

24. Income taxes relating to continuing operations

24.1 Income tax recognized in profit or loss

₹

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current period	40,700,000	72,000,000
In respect of prior period	-	2,591,994
Total	**40,700,000**	**74,591,994**
Total income tax expense recognized in the current period relating to continuing Operations	**40,700,000**	**74,591,994**

The income tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	160,872,310	190,925,152
Income tax expense calculated at the rate of 34.608% for March 2017 and at the rate fo 21.342% for March 2016 respectively.	40,700,000	40,747,246
Effect of income that is exempt from taxation		
Effect of expenses that are not deductible in determining taxable profit		
Effect of annuity income being taxable based on accrual instead of service concession accounting followed for financial reporting purposes	-	123,223,110
Effect of accounting for borrowings at amortised cost based on the effective interest rate method	-	59,736
Effect of depreciation allowed under tax instead of service concession accounting followed for financial reporting purposes	-	(90,600,310)
Effect of overlay expenditure disallowed in tax in the period in which incurred but rather added to fixed assets block	-	2,108,126
Others	-	-
Tax expense (rounded off)	40,700,000	76,000,000
Adjustments recognized in the current year in relation to the current tax of prior years	-	2,591,994
Income tax expense recognized in profit or loss (relating to continuing operations)	40,700,000	78,591,994

The tax rate used for the reconciliations is 21.342% which is tax payable on book profits by the Company since it is currently under the tax holiday period under the Income-tax Act, 1961.

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes **forming part of the financial statements for theyear ended March 31, 2017**

25. Earnings per share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
From Continuing operations	**Rs. per share**	**Rs. per share**
Basic earnings per share	2.02	1.96
Diluted earnings per share	2.02	1.96

25.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the period attributable to owners of the Company (A)	120,172,310	116,333,158
Weighted average number of equity shares for the purposes of basic earnings per share (B)	59,391,100	59,391,100
Basic Earnings per share (A/B)	**2.02**	**1.96**

25.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.
The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Earnings used in the calculation of basic earnings per share Adjustments (describe)	120,172,310	116,333,158
Earnings used in the calculation of diluted earnings per share (A)	**120,172,310**	**116,333,158**
Weighted average number of equity shares used in the calculation of basic earnings per share Adjustments [describe]	59,391,100	59,391,100
Weighted average number of equity shares used in the calculation of diluted earnings per share (B)	59,391,100	59,391,100
Diluted earnings per share (A/B)	**2.02**	**1.96**

26. Financial instruments

26.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimisation of debt and equity balance .

The capital structure of the company consists of debt (borrowings as detailed in notes) and equity of the Company (comprising issued capital, reserves and subordinated debt from the immediate Parent Company).

26.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt	1,684,315,526	2,176,555,197	2,643,249,970
Cash and bank balances (including cash and bank balances in a disposal company held for sale)	886,300,672	735,957,299	752,337,562
Net Debt (A)	798,014,854	1,440,597,898	1,890,912,408
Equity (B)	1,406,753,710	1,976,380,105	2,234,291,067
Net Debt to Equity Ratio in times (A/B)	0.57	0.73	0.85

(i) Debt is defined as long-term, current maturity of long term, short term borrowings and interest accrued thereon

(ii) Total equity is defined as equity share capital and reserves and surplus

26.2 Categories of financial instruments

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
Cash and bank balances	886,300,672	735,957,299	752,337,562
Receivables under service concession arrangements	1,948,612,968	2,587,664,173	3,165,037,945
Others	352,264,049	910,321,696	877,426,171
Financial liabilities			
Financial Liabilities measured at amortised cost			
Borrowings (including Interest Accrued)	1,684,315,526	2,176,555,197	2,643,249,970
Trade Payables	5,508,309	11,341,386	47,878,406
Others			

26.3 Financial risk management objectives

The company's financial risks mainly include market risk (interest rate risk), credit risk and liquidity risk.

26.4 Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates.
There has been no significant change to the company's exposure to market risks or the manner in which these risks are managed and measured.

26.5 Interest rate risk management

Since the company's paying at fixed interest rate. Hence, company is not exposed to Interest rate risk management.

The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

26.5.1 Interest rate sensitivity analysis

Company is paying at fixed interest rate, the interest rate sensitivity analysis is not applicable.

26.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties.The Management believes that the credit risk is negligible since its main receivable is from the grantors of the concession which is a government authority.

26.7 Liquidity risk management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Notes below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

26.7.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate prevailing at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

₹

Particulars	As at March 31, 2017		As at March 31, 2016		April 1, 2015	
	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments
Weighted average effective interest rate (%)	0%	9.52%	0%	9.52%	0%	9.52%
Less than 1 Year	5,508,309	661,640,000	11,341,386	674,600,000	47,878,406	693,780,000
1-3 years		1,272,680,000		1,304,360,000		1,336,240,000
3 - 5 years	-	-		629,960,000		1,272,680,000
5+ years	-	-		-	-	-
Total	5,508,308.69	1,934,320,000	11,341,386	2,608,920,000	47,878,406	3,302,700,000

The amounts included above for financial guarantee contracts are the maximum amounts the company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The following table details the company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

₹

Particulars	March 31, 2017			March 31, 2016			April 1. 2015		
	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments
Weighted average effective interest rate (%)	0%	10.55%	9.50%	0%	11.02%	9.50%	0%	8.46%	9.50%
Less than 1 Year	886,300,672	877,601,404	344,170,661	735,957,299	885,114,909.47	902,234,961	752,337,562	882,325,295	877,361,515
1-3 years	65,556	1,409,018,132			1,747,238,493			1,762,716,313	
3 - 5 years				65,556	539,381,043		64,656	1,409,018,132	
5+ years									
Total	886,366,228	2,286,619,536	344,170,661	736,022,855	3,171,734,446	902,234,961	752,402,218	4,054,059,741	877,361,515

26.8.1 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair

₹

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets at amortised cost:	**251,500,000**	**251,500,000**	**795,000,000**	**795,000,000**	**700,000,000**	**700,000,000**
Receivables under service concession arrangements	1,948,612,968	1,948,612,968	2,587,664,173	2,587,664,173	3,165,037,945	**3,165,037,945**
- loans to related parties	251,500,000	251,500,000	795,000,000	795,000,000	700,000,000	700,000,000
Financial liabilities						
Financial liabilities held at amortised cost:	**1,689,823,835**	**1,689,823,835**	**2,187,896,583**	**2,187,896,583**	**2,691,128,376**	**2,691,128,376**
- bank loans	1,684,315,526	1,684,315,526	2,176,555,197	2,176,555,197	2,643,249,970	2,643,249,970
- trade payables	5,508,309	5,508,309	11,341,386	11,341,386	47,878,406	47,878,406

Fair value hierarchy as at

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
Financial assets at amortised cost::			
Receivables under service concession arrangements	1,948,612,968	2,587,664,173	3,165,037,945
- loans to related parties	251,500,000	795,000,000	700,000,000
Total	**2,200,112,968**	**3,382,664,173**	**3,865,037,945**
Financial liabilities			
Financial liabilities held at amortised cost:			
- bank loans	1,684,315,526	2,176,555,197	2,643,249,970
- trade payables	5,508,309	11,341,386	47,878,406
Total	**1,689,823,835**	**2,187,896,583**	**2,691,128,376**

All the financial assets and financial liabilities included above are measured at Fair values using level 3 hierarcy.

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

27. Commitments for expenditure

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	744,400,464	869,625,555	997,640,258
(b) Other commitments - Commitments for the acquisition of property, plant and equipment	-	-	-
Total	**744,400,464**	**869,625,555**	**997,640,258**

28. Contingent liabilities and contingent assets

28.1 Contingent liabilities

₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Claims against the Company not acknowledged as debt (b) Guarantees excluding financial guarantees	110,201,575	150,073,997	152,951,258

29. Approval of financial statements

The financial statements were approved for issue by the board of directors on (date).

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

30. Related Party Disclosures

As at March 31, 2017

(a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited	IL&FS
Entity having control	ITNL Road Investment Trust	IRIT
Immediate Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance	ISSL CPG BPO Private Limited(earlier known IL&FS Securities Services Limited)	ISSL BPO
	Elsamex Maintenance Services Limited	EMSL
Key Management Personnel ("KMP")	Mr. S C Sachdeva [(Managing Director) from April 27,2016]	
	Mr. Swapnil Bhalekar (Chief Financial Officer)	
	Ms Jyotsna Matondkar (Company Secretary)	

As at March 31, 2016

(b) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited	IL&FS
Entity having control	ITNL Road Investment Trust	IRIT
Immediate Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the	ISSL CPG BPO Private Limited(earlier known IL&FS Securities Services Limited)	ISSL BPO
	Elsamex Maintenance Services Limited	EMSL
Key Management Personnel ("KMP")	Mr.George Cherian [(Managing Director) till January 21, 2016]	
	Mr. Swapnil Bhalekar (Chief Financial Officer)	
	Ms Jyotsna Matondkar (Company Secretary)	

As at April 1, 2015

(c) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited	IL&FS
Entity having control	ITNL Road Investment Trust	IRIT
Immediate Holding Company:	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance outstanding at the year end)	IL&FS Securities Services Limited	ISSL
Key Management Personnel ("KMP")	Mr. Cherian George (Managing Director) Mr. Swapnil Bhalekar (Chief Financial Officer) Ms Jyotsna Matondkar (Company Secretary)	

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

Related Party Disclosures (contd.)

Year ended March 31, 2017

(d) transactions/ balances with above mentioned related parties (mentioned in note 30 above)

₹

Particulars	Company's Name	Ultimate Holding Company	Immediate Holding Company	Entity having control	Fellow Subsidiaries	Total
Balance						
Interest accrued and due on Short term loan from Related Parties	ITNL		92,670,661			92,670,661
Short term loan given	ITNL		251,500,000			251,500,000
Trade Payable	ITNL		335,014			335,014
Trade Receivable	ITNL		8,021,179			8,021,179

Transactions	Company's Name	Ultimate Holding Company	Immediate Holding Company	Entity having control	Fellow Subsidiaries	Total
Interest on loans granted	ITNL		56,640,585			56,640,585
Operation and maintenance expenses	ITNL		125,225,090			125,225,090
Deputation cost	ITNL		1,896,705			1,896,705
Professional Fees	ISSL BPO				18,400	18,400
Loan Repayment by Related Party	ITNL		543,500,000			
Dividend Payment	IL&FS	37,253,257				37,253,257
Dividend Payment	IRIT			461,364,918		461,364,918
Dividend Payment	ITNL		74,505,943			74,505,943

Year ended March 31, 2016

(e) balances with above mentioned related parties (mentioned in note 30 above)

₹

Particulars	Company's Name	Ultimate Holding Company	Immediate Holding Company	Entity having control	Fellow Subsidiaries	Total
Balance						
Interest accrued and due on Short term loan from Related Parties	ITNL		107,234,961			107,234,961
Short term loan given	ITNL		795,000,000			795,000,000
Trade Payable	EMSL				6,582,794	6,582,794
Trade Payable	ITNL		865,801			865,801
Trade Receivable	ITNL		8,021,179			8,021,179

Transactions	Company's Name	Ultimate Holding Company	Immediate Holding Company	Entity having control	Fellow Subsidiaries	Total
Interest on loans granted	ITNL		86,544,140			86,544,140
Operation and maintenance expenses	ITNL		118,136,880			118,136,880
Overlay Expenses	ITNL		9,888,698			9,888,698
Mobilisation Advance Recovery	ITNL		24,098,900			24,098,900
Deputation cost	ITNL		1,770,197			1,770,197
CSR Expenses	ITNL		962,000			962,000
CSR Expenses	EMSL				6,717,137	6,717,137
Loan Given	ITNL		95,000,000			95,000,000
Dividend Payment	IL&FS	10,809,235				10,809,235
Dividend Payment	IRIT			133,867,541		133,867,541
Dividend Payment	ITNL		21,618,305			21,618,305

As at April 1, 2015

(f) balances with above mentioned related parties (mentioned in note 30 above)

₹

Particulars	Company's Name	Ultimate Holding Company	Immediate Holding Company	Entity having control	Fellow Subsidiaries	Total
Balance						
Interest accrued and due on Short term loan from Related Parties	ITNL		177,361,515			177,361,515
Short-term Borrowings	ITNL		700,000,000			700,000,000
Trade Payables	ITNL		38,692,614			38,692,614
Trade Payables	ISSL		-		15,159	15,159
Mobilization Advance Given	ITNL		24,098,900			24,098,900

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

31. Note on Demonitisation

Specified Bank Notes (SBN) held and transacted
during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

₹

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	12,000	1,417	13,417
(+) Permitted receipts		30,000	30,000
(-) Permitted payments		(22,222)	(22,222)
(-) Amount	(12,000)		(12,000)
Closing cash in hand as on 30.12.2016	-	9,195	9,195

NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for theyear ended March 31, 2017

Note 32: Segment Reporting

The Company is engaged in infrastructure business and is a Special Purpose Entity formed for the specific purpose detailed in Note No.1 and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Indian Accounting Standard (IND AS) 108 – " Operating Segment" have not been made.

Note 33: CSR EXPENSES

₹

CSR Expenditure	Year ended March 31, 2017	Year ended March 31, 2016
(i) Gross Amount required to be spent by the Company during the year	6,370,156	5,671,093
(ii) Amount spent during the year	3,220,652	8,374,065
(a) Construction/acquistion of any asset	-	-
(b) On purpose other than above (ii) (a) - In cash		-
(c) On purposes other than above (ii) (a) - Yet to be paid in cash	3,149,504	(2,702,972)

Note 34: PREVIOUS YEAR FIGURES

Corresponding figures for the previous year have been reclassified and presented in accordance with the current year presentation.

In terms of our report attached.
For **M P Chitale & Co.**
Chartered Accountants

Murtuza Vajihi
Partner
Date :May 10, 2017
Place: Mumbai

For and on behalf of the Board

Mr. S C Sachdeva
Managing Director
DIN No.- 00051945

Mr. Vijay Kini
Director
DIN No. - 06612768

Mr Swapnil Bhalekar
Chief Financial Officer
Date :May 10, 2017
Place : Mumbai

Ms Jyotsna Matondkar
Company Secretary