

Special Purpose Financial statements - Fit For ITNL Consolidation

N.A.M. Expressway Limited

CIN: U45209TG2010PLC068968

Balance Sheet as at 31 March 2018

(Rs in Millions)

	Notes	31 March 2018	31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	1	0
Other intangible assets	5	22,027	21,970
Financial assets			
Loans	6	665	509
Other tax assets, net	7	34	39
Deferred tax assets, net	8	273	276
Total non-current assets		23,001	22,793
Current assets			
Inventories	9	1	1
Financial assets			
Cash and cash equivalents	10	38	18
Loans	11	25	25
Other financial assets	12	-	22
Other current assets	13	11	9
Total current assets		76	75
Total assets		23,077	22,867
Equity and liabilities			
Equity			
Equity share capital	14	2,335	2,335
Other equity	15		
Retained earnings		562	1,223
Capital Reserve		4,353	4,353
Total equity		7,250	7,911
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	14,094	10,248
Other financial liabilities	17	-	174
Provisions	18	392	175
Deferred income	19	-	-
Total non-current liabilities		14,486	10,597
Current liabilities			
Financial liabilities			
Borrowings	20	-	12
Trade and other payables	21	895	3,913
Other financial liabilities	22	319	280
Provisions	23	1	2
Other current liabilities	24	127	151
Total current liabilities		1,341	4,359
Total liabilities		15,827	14,956
Total equity and liabilities		23,077	22,867

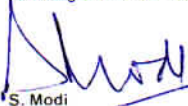
The notes are an integral part of the financial statements

In terms of our report attached.

For MKPS & Associates

Chartered Accountants

Firm Registration No. 302014E


S. Modi

Partner

Membership Number : 051361

Place : Hyderabad

Date : 24/05/2018



For and on behalf of the Board

N.A.M. Expressway Limited


M B Bajulga

Director

DIN : 02503289


Vijay Kini

Director

DIN : 06612768




S Srikanth Reddy
Chief Financial Officer

Special Purpose Financial statements - Fit For ITNL Consolidation

N.A.M. Expressway Limited

CIN: U45209TG2010PLC068968

Statement of Profit and Loss for the year ended 31 March 2018

(Rs in Millions)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	25	2,102	3,316
Other income	26	6	25
Total income		2,108	3,341
Expenses			
Operation and maintenance expense	27	723	1,877
Employee benefits expense	28	83	74
Finance costs	29	1,454	1,241
Depreciation and amortization expense	4 & 5	461	492
Other expenses	30	48	45
Total expenses		2,769	3,728
Profit/(loss) before income tax		(661)	(387)
Current tax		-	-
Deferred tax		2	(194)
Income tax expense		2	(194)
Profit/(loss) for the period		(664)	(193)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)		3	-
Income tax relating to items that will not be reclassified to profit or loss		(1)	-
Other comprehensive income for the period, net of income tax		2	-
Total comprehensive income for the period		(662)	(193)
Earnings per share			
Basic earnings per share (INR)		(2.84)	(0.83)
Diluted earnings per share (INR)		(2.84)	(0.83)

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Special Purpose Financial statements - Fit For ITNL Consolidation
 N.A.M. Expressway Limited
 CIN: U45209TG2010PLC068968
 Statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

(Rs in Millions)

	Amount
Balance as at 1 April 2017	2,335
Changes in equity share capital during the year	-
Balance as at the 31 March 2018	2,335

b. Other equity

(Rs in Millions)

	31 March 2018	31 March 2017
Surplus in the statement of profit and loss		
Balance at the beginning of the year	1,223	1,417
Add: (Loss) for the year	(662)	(193)
Balance at the end of the year	562	1,223
Capital Grant		
Balance at the beginning of the year	4,353	4,083
Changes during the year	-	270
Balance at the end of the year	4,353	4,353
Total	4,915	5,576

The notes are an integral part of the financial statements

In terms of our report attached.

For MKPS & Associates
 Chartered Accountants
 Firm Registration No. 302014E


 S. Modi

Partner

Membership Number : 051361

Place : Hyderabad

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For and on behalf of the Board
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Special Purpose Financial statements - Fit For ITNL Consolidation

N.A.M. Expressway Limited

CIN: U45209TG2010PLC068968

Statement of Cash Flows for the year ended 31 March 2018

(Rs in Millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit for the period (before tax)	(661)	(387)
<i>Adjustments for:</i>		
Depreciation and amortisation	461	492
Interest expense	1,454	1,241
Interest income	-	(24)
Construction Margin	47	(172)
	1,301	1,149
<i>Working capital adjustments:</i>		
(Increase)/decrease in inventories	(1)	0
(Increase)/decrease in trade receivables and loans	(157)	399
(Increase)/decrease in other current assets	(2)	(2)
Increase/(decrease) in trade payables	(3,019)	1,335
Increase/(decrease) in other financial liabilities	(38)	0
Increase/(decrease) in deferred income	-	-
Increase/(decrease) in provisions	217	121
Increase/(decrease) in other current liabilities	(24)	16
Cash generated from operating activities	(1,722)	3,020
Income tax paid (net)	5	(12)
Net cash from/(used in) operating activities (A)	(1,718)	3,008
Cash flows from investing activities		
Purchase of property, plant and equipment	(567)	(1,740)
Interest received	22	2
Net cash from/(used in) investing activities (B)	(545)	(1,738)
Cash flows from financing activities		
Proceeds from /repayment of long-term borrowings	3,864	(424)
Proceeds from Government Grant	-	270
Proceeds from short-term borrowings	(12)	0
Interest expense	(1,570)	(1,122)
Net cash flow from/(used in) financing activities (C)	2,282	(1,275)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	20	(5)
Cash and cash equivalents at the beginning of the period	18	23
Cash and cash equivalents at the end of the period	38	18

The notes are an integral part of the financial statements

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For MKPS & Associates

Chartered Accountants

Firm Registration No. 302014E



S. Modi
Partner

Membership Number : 051361



Place : Hyderabad

Date : 24/05/2018



For and on behalf of the Board

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Notes to Special Purpose financial statements for the year ended 31 March 2018

4. Property, plant and equipment

Reconciliation of carrying amount

(Rs in Millions)

	Office equipment
Deemed cost (gross carrying amount)	
Balance at 1 April 2017	0
Additions	1
Disposals	-
Balance at 31 March 2018	1
Accumulated depreciation and impairment losses	
Balance at 1 April 2017	0
Depreciation for the year	0
Disposals	-
Balance at 31 March 2018	0
Carrying amounts (net)	
At 1 April 2017	0
At 31 March 2018	1

5. Intangible assets

Reconciliation of carrying amount

(Rs in Millions)

	Road under Service Concession
Cost (gross carrying amount)	
Balance at 1 April 2017	22,748
Additions	519
Disposals	-
Balance at 31 March 2018	23,267
Accumulated amortisation and impairment losses	
Balance at 1 April 2017	778
Amortisation for the period	461
Impairment loss	-
Balance at 31 March 2018	1,239
Carrying amounts (net)	
At 1 April 2017	21,970
At 31 March 2018	22,027



6. Loans

(Rs in Millions)

	31 March 2018	31 March 2017
<i>Unsecured, considered good</i>		
Loan to related party	665	509
	665	509

7. Other tax assets, net

(Rs in Millions)

	31 March 2018	31 March 2017
Advance tax, net of provision for tax	34	39
	34	39

8. Deferred tax assets/Liabilities, net

(Rs in Millions)

	31 March 2018	31 March 2017
<i>Deferred tax assets</i>		
Unabsorbed depreciation and business losses	783	555
MAT Credit Entitlement	1	1
	784	556
<i>Deferred tax liabilities</i>		
Property, plant and equipment and intangible assets	(510)	(280)
	(510)	(280)
	273	276

9. Inventories

(Valued at lower or cost or net realisable value)

(Rs in Millions)

	31 March 2018	31 March 2017
Diesel/ lubricants and safety materials	1	1
	1	1

10. Cash and cash equivalents

(Rs in Millions)

	31 March 2018	31 March 2017
Cash on hand	7	6
Balances with banks:		
- current accounts	31	11
- deposits with maturity is less than 12 months		-
	38	18

11. Loans

(Rs in Millions)

	31 March 2018	31 March 2017
<i>Unsecured, considered good</i>		
Loan to related party	25	25
	25	25

12. Other financial assets

(Rs in Millions)

	31 March 2018	31 March 2017
Accrued interest on loan to related party	-	22
	-	22

13. Other current assets

(Rs in Millions)

	31 March 2018	31 March 2017
Advances recoverable in cash or kind	7	5
Pre-paid expenses	5	3
	12	9



14. Share capital

(Rs in Millions)

	31 March 2018	31 March 2017
Authorised		
Equity shares of ₹ 10 each	2,335	2,335
Issued, subscribed and paid-up		
Equity shares of ₹ 10 each	2,335	2,335
	2,335	2,335

A. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

(Rs in Millions)

	31 March 2018		31 March 2017	
	Number	Amount (INR)	Number	Amount (INR)
At the commencement of the period	234	2,335	234	2,335
Shares issued for cash	-	-	-	-
At the end of the period	234	2,335	234	2,335

B. Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Shareholders holding more than 5% of equity share capital

(Rs in Millions)

	31 March 2018		31 March 2017	
	Number	% Holding	Number	% Holding
Ramky Infrastructure Limited	117	50%	117	50%
IL&FS Transportation Networks Limited	117	50%	117	50%
	234	100%	234	100%

15. Other equity

(Rs in Millions)

	31 March 2018	31 March 2017
Surplus in the statement of profit and loss		
Balance at the beginning of the period	1,223	1,417
Add: (Loss) for the period	(662)	(193)
Balance at the end of the period	562	1,223
Other comprehensive income		
Balance at the beginning of the period	4,353	4,083
Changes during the period	-	270
Balance at the end of the period	4,353	4,353
	4,915	5,576



16. Non-current borrowings

(Rs in Millions)

	31 March 2018	31 March 2017
Secured		
Term Loans		
- From Banks	13,393	9,567
Unsecured		
Loan from related party	701	682
	14,094	10,248

Security:

Term loans from banks are secured by hypothecation and second charge of:

- All movable, tangible and intangible assets, receivables, cash and investments created as part of the projects.
- All the monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.
- Assignment of all rights, title, benefits, claims and demands of the Borrowers under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.
- Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.
- First ranking assignment of all contract, documents insurance contracts/insurance Proceeds (Security Trustee to be named as loss payee), clearances and interests of the Borrower.
- Debt Service Reserve Account and any other accounts required to be created by the Borrower under any Project agreement contract.

Repayment schedule

Secured loans:

a) Loan from Consortium bankers as on 31 March 2018 :

(Rs in Millions)

Year	Debt Amount
Mar-17	23
Mar-18	52
Mar-19	50
Mar-20	100
Mar-21	200
Mar-22	299
Mar-23	399
Mar-24	599
Mar-25	798
Mar-26	998
Mar-27	1197
Mar-28	1197
Mar-29	1397
Mar-30	1497
Sep-30	1172
	9,979

b) Loan from State Bank Of india as on 31 March 2018 :

(Rs in Millions)

Year	Debt Amount
Mar-18	16
Mar-19	21
Mar-20	36
Mar-21	73
Mar-22	109
Mar-23	146
Mar-24	218
Mar-25	291
Mar-26	364
Mar-27	437
Mar-28	437
Mar-29	510
Mar-30	546
Sep-30	437
	3,640



c) Loan from ICICI Bank as on 31 March 2018:

(Rs in Millions)

Year	Debt Amount
Mar-15	20
Mar-16	39
Mar-17	53
Mar-18	60
Mar-19	65
Mar-20	68
Mar-21	77
Mar-22	85
Mar-23	96
Mar-24	102
Mar-25	102
Dec-25	85
	850

(ii) Unsecured Loan:

The Unsecured loan of Rs.694 Millions shall be repayable within 60 months or at the earliest possible by the Borrower after a moratorium period of 36 months from 31st December 2016

17. Other non-current financial liabilities

(Rs in Millions)

	31 March 2018	31 March 2017
Interest accrued but not due (Related Party)	-	174
	-	174

18. Provisions

(Rs in Millions)

	31 March 2018	31 March 2017
Provisions for employee benefits		
- Gratuity	2	1
- Compensated absences	4	0
- Sick Leave liability	0	-
Other provisions		
- Provision for major maintenance	386	174
	392	175

19. Deferred income

(Rs in Millions)

	31 March 2018	31 March 2017
Others	-	-
	-	-



20. Short-term borrowings

	31 March 2018	31 March 2017
Unsecured		
Loan from related party	-	12
	-	12

21. Trade payables

	31 March 2018	31 March 2017
Payable to related parties		
Other payables	812	387
Capital creditors	-	3,487
Payable to Others	82	40
	895	3,913

22. Other financial liabilities

	31 March 2018	31 March 2017
Current maturities of long-term debts:		
- Term loans	44	23
Loan outstanding for repayment	5	8
Interest accrued and due on borrowings	133	249
Interest due (Related Party)	136	-
Security deposit received	1	1
	319	280

23. Provisions

	31 March 2018	31 March 2017
Provisions for employee benefits		
- Gratuity	0	0
- Compensated absences	1	1
- Sick leave liability	0	0
	1	2

24. Other current liabilities

	31 March 2018	31 March 2017
Statutory dues	127	151
Deferred income	-	-
	127	151



N.A.M. Expressway Limited

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Notes to Special Purpose financial statements for the year ended 31 March 2018

25. Revenue from operations

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Construction income	519	1,890
Toll income	1,583	1,426
	2,102	3,316

26. Other income

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Interest on loan to related parties	-	24
Interest on bank deposits	-	0
Interest on Income tax refund	5	-
Government grant	-	-
Insurance claim received	0	0
Other toll income	0	0
Miscellaneous income	0	1
	6	25

27. Operation and maintenance expense

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Consumption of materials	9	12
Hire charges	14	15
Security charges	10	9
Electricity charges	10	12
Repair and maintenance work	27	-
Miscellaneous expenses	0	1
Construction contract cost under SCA	472	1,718
Expenses for periodic major maintenance	181	111
	723	1,877

28. Employee benefits expense

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	69	67
Contribution to provident fund	3	3
Gratuity	2	1
Leave encashment	6	1
Sick leave liability	0	0
Staff welfare expenses	2	3
	83	74



N.A.M. Expressway Limited

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Notes to Special Purpose financial statements for the year ended 31 March 2018

29. Finance costs

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Interest expense	1,426	1,230
Other borrowing costs	28	10
	1,454	1,241

30. Other expenses

(Rs in Millions)

	For the period ended 31 March 2018	For the year ended 31 March 2017
Rent, rates and taxes	2	2
Engineers fees	3	4
Legal and consultation and certification fees	3	5
Travelling /conveyance and communication expenses	0	0
Auditor fee	2	1
Printing and stationery	1	1
Repair and maintenance	3	2
Business promotion expenses	-	1
Insurance charges	4	4
Director fee	0	0
Other expenses	30	24
	48	45

(i) Payments to auditors

	For the year ended 31 March 2018	For the year ended 31 March 2017
As Auditor		
- Statutory audit	1	1
- Tax audit	1	0
- Internal Audit	1	0
- Certification	0	0
	2	1



31 Capital management

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

The Company's adjusted net debt to equity ratio at 31 March 2018 was as follows:

	(Rs in Millions)	
	31 March 2018	31 March 2017
Total liabilities	15,827	14,956
Less: cash and cash equivalents	(38)	(18)
Adjusted net debt	15,789	14,938
Total equity	7,250	7,911
Adjustments	-	-
Adjusted equity	7,250	7,911
Adjusted net debt to adjusted equity ratio	2	2

32. Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

	(Rs in Millions)	
	31 March 2018	31 March 2017
i. Profit (loss) attributable to equity shareholders(basic)	(664)	(193)
ii. Weighted average number of equity shares (basic)	234	234
Basic EPS	(2.84)	(0.83)

The Company does not have any potentially dilutive equity shares outstanding during the year.

33. Assets and liabilities relating to employee benefits

For details about the related employee benefit expenses, see Note 28.

The Company operates the following post-employment defined benefit plan:

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972 (Plan A). Plan A entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. This defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. Apart from this, The Company is operating Leave Encashment policy (Plan B) and Sick leave encashment policy (Plan C).

A. Funding

All the three plans are unfunded.

The Company expects to pay INR 7.5 Millions in contributions to its defined benefit plans in 2017-18.

B. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

Plan A

Reconciliation of present value of defined benefit obligation for Gratuity

	(Rs in Millions)	
	31 March 2018	31 March 2017
Balance at the beginning of the year	1	1
Benefits paid	-	-
Current service cost	1	0
Interest cost	0	0
Past service cost	-	-
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	(0)	-
- changes in financial assumptions	0	-
- experience adjustments	(0)	(0)
Balance at the end of the year	2	1



Plan B
Reconciliation of present value of defined benefit obligation for Leave Encashment

(Rs in Millions)

	31 March 2018	31 March 2017
Balance at the beginning of the year	1	1
Benefits paid	-	-
Current service cost	1	0
Interest cost	0	0
Past service cost	-	-
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	(0)	-
- changes in financial assumptions	0	-
- experience adjustments	2	0
Balance at the end of the year	5	1

Plan C
Reconciliation of present value of defined benefit obligation for Sick leave liability

(Rs in Millions)

	31 March 2018	31 March 2017
Balance at the beginning of the year	0	0
Benefits paid	-	-
Current service cost	-	0
Interest cost	0	0
Past service cost		
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	0	-
- changes in financial assumptions	0	-
- experience adjustments	(0)	0
Balance at the end of the year	0	0

C. Expense recognised in profit or loss

Plan A (Rs in Millions)

	31 March 2018	31 March 2017
Current service cost	1	0
Interest cost	0	0
Past service gain	-	-
	1	0

Remeasurements recognised in other comprehensive income (Rs in Millions)

	31 March 2018	31 March 2017
Actuarial (gain) loss on defined benefit obligation	0	(0)
	0	(0)

Plan B (Rs in Millions)

	31 March 2018	31 March 2017
Current service cost	1	0
Interest cost	0	0
Past service gain	-	-
	1	0

Remeasurements recognised in other comprehensive income (Rs in Millions)

	31 March 2018	31 March 2017
Actuarial (gain) loss on defined benefit obligation	2.547	0.178
	2.547	0.178

Plan C (Rs in Millions)

	31 March 2018	31 March 2017
Current service cost	-	0
Interest cost	0	0
Actuarial (gains) / Loss	0	-
Past service gain	-	-
	0	0

Remeasurements recognised in other comprehensive income (Rs in Millions)

	31 March 2018	31 March 2017
Actuarial (gain) loss on defined benefit obligation	0.047	0.146
	0.047	0.146



D. Defined benefit obligation

i. Actuarial assumptions

Plan A

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 March 2018	31 March 2017
Discount rate	8.00%	9.25%
Future salary growth	5.00%	4.00%
Withdrawal Rate	2.00%	18.58%
Mortality table	IALM(2006-08) U.II.	IALM(2006-08) U.II.

Plan B

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 March 2018	31 March 2017
Discount rate	8.00%	9.25%
Future salary growth	5.00%	4.00%
Attrition rate	2.00%	18.58%
Mortality table	IALM(2006-08) U.II.	IALM(2006-08) U.II.

Plan C

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 March 2018	31 March 2017
Discount rate	8.00%	9.25%
Future salary growth	5.00%	4.00%
Attrition rate	2.00%	18.58%
Mortality table	IALM(2006-08) U.II.	IALM(2006-08) U.II.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Plan A (Rs in Millions)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1	2	1	1
Future salary growth (1% movement)	2	1	1	1
Withdrawal Rates	2	2	-	-

Plan B (Rs in Millions)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	5	5	1	1
Future salary growth (1% movement)	5	4	1	1
Attrition rate (1% movement)	5	5	1	1

Plan C (Rs in Millions)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	0	0	0	0
Future salary growth (1% movement)	0	0	0	0
Attrition rate (1% movement)	0	0	0	0

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



34. Financial instruments - Fair values and risk management

Accounting classifications and fair values

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

31 March 2018

(Rs in Millions)

	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount
Financial assets measured at fair value	-	-	-
	-	-	-
Financial assets not measured at fair value			
Loans to related party	690	-	690
Cash and cash equivalents	38	-	38
Other financial assets	-	-	-
	728	-	728
Financial liabilities not measured at fair value			
Secured bank loans	-	13,441	13,441
Loans from related parties	-	701	701
Trade payables	-	895	895
Security deposits received	-	1	1
	-	15,039	15,039

The carrying amounts of financial assets and liabilities recognized in the financial statements approximate their fair values and hence no further details about the fair value measurements are given.

31 March 2017

(Rs in Millions)

	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount
Financial assets measured at fair value	-	-	-
	-	-	-
Financial assets not measured at fair value			
Loans to related party	533	-	533
Cash and cash equivalents	18	-	18
Other financial assets	22	-	22
	573	-	573
Financial liabilities not measured at fair value			
Secured bank loans	-	9,597	9,597
Loans from related parties	-	694	694
Trade payables	-	3,913	3,913
Security deposits received	-	1	1
	-	14,205	14,205



35. Financial instruments - Fair values and risk management

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

Risk management framework

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

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

a) Credit risk

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

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

Trade receivables and loans

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 38 Millions at 31 March 2018 (31 March 2017: INR 18 Millions). The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

b) Liquidity risk

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

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

Exposure to liquidity risk

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

(Rs in Millions)

31 March 2018	Carrying Amount	Contractual Cashflows					
		Total	6 months or less	6-12 months	1-2 Years	2-5 Years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	13,441	13,441	35	35	136	1,226	12,009
Unsecured loan from related party	701	701	-	-	-	701	-
Trade payables	895	895	895	-	-	-	-
Other financial liabilities	270	270	270	-	-	-	-
	15,308	15,308	1,200	35	136	1,927	12,009



31 March 2017

(Rs in Millions)

	Carrying Amount	Contractual Cashflows					
		Total	6 months or less	6-12 months	1-2 Years	2-5 Years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	9,597	9,597	23	23	46	1,679	7,825
Unsecured loan from related party	694	694	-	-	-	694	-
Trade payables	3,913	3,913	3,913	-	-	-	-
Other financial liabilities	250	250	250	-	-	-	-
	14,784	14,784	4,187	23	46	2,703	7,825

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

c) Market risk

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

Interest rate risk

The Company adopts a policy of ensuring that between 80 and 90% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate instruments.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

	(Rs in Millions)	
	31 March 2018	31 March 2017
Fixed rate instruments		
Financial assets	665	509
Financial liabilities	14,143	10,291
	(13,478)	(9,740)

Fair value sensitivity analysis for fixed-rate instruments

A reasonably possible increase of 100 basis points in interest rates at the reporting date would have increased loss by INR 120.45 Millions (2016-17: increase loss by INR 100.31 Millions). This analysis assumes that all other variables remains constant.

A reasonably possible decrease of 100 basis points in interest rates at the reporting date would have decreased loss by INR 120.45 Millions (2016-17: decrease loss by INR 100.31 Millions). This analysis assumes that all other variables remains constant.



36. Related parties

List of related parties and nature of relationship

S. No.	Name of the related party	Nature of relationship
1	Ramky Infrastructure Limited	Promoter Company
2	IL&FS Transportation Networks Limited	Promoter Company
3	IL&FS Trust Company Limited	Group Company of ITNL
4	Mr. I.W. Vijay Kumar	Director
5	Mr. Y. R. Nagaraja	Director
6	Mr. M Goutham Reddy	Director
7	Mr. M.B. Bajulge	Director
8	Mr. Vijay Kini	Director

Transactions with related parties during the year ended

(Rs in Millions)

S. No.	Name of the related party	Nature of transactions	31 March 2018	31 March 2017
1	Ramky Infrastructure Limited	Milestone payment	306	263
		Milestone expenditure	472	1,718
		Retention Money paid	16	24
		Retention money deducted	20	16
		Unsecured loan taken	20	127
		Interest on loan to related parties	92	114
		Interest expense	97	89
		Short-term loan taken	203	27
		Short-term loan re-paid	371	27
		Interest paid	64	-
		Operation and maintenance charges	13	14
Repairs and Maintenance	27	-		
2	IL&FS Trust Company Limited	Security trustees fee	-	0

Balances outstanding

(Rs in Millions)

S. No.	Name of the related party	Nature of transactions	31 March 2018	31 March 2017
1	Ramky Infrastructure Limited	Share capital	1,168	1,168
		Trade payables - EPC	441	18
		Mobilisation advance	-	-
		Capital creditors	-	3,471
		Retention money payable	20	16
		Withheld money	2	2
		Loans and advances receivable	509	509
		Unsecured loan taken	701	682
		Current borrowings	-	12
		Short-term loan Receivable	157	-
		Interest Receivable	-	22
		Interest payable	50	88
		Trade payables - Others	2	21
2	IL&FS Transportation Networks Limited	Share capital	1,168	1,168
		Trade payables - EPC	347	347
		Interest payable	86	86
		Mobilisation advance	25	25
		Trade payables - Others	1	1



N.A.M. Expressway Limited

CIN: U45209TG2010PLC068968

Notes to Special Purpose financial statements for the year ended 31 March 2018

37. Service concession arrangement

The Company has entered into a Concession Agreement on 23 July 2010 with Chief Engineer (R&B) Core Road Network & Managing Director, A.P Road Development Corporation for Design, Construction, Finance, Operation and Maintenance of Narketpally-Addanki-Medarametta Road (SH-2) from Km 0.000 to 212.500 in the state of Andhra Pradesh under Public-Private Partnership on DBFOT (Toll) basis. The concession given under this agreement is for a total period of 24 years including 2.5 years for construction. The Company will be responsible for any maintenance services required during the concession period.

The Company has received the right to charge users a fee for using the toll road, which the Company will collect and retain. At the end of the concession period the toll road will become the property of the grantor and the Company will have no further involvement in its operation or maintenance

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include poor performance by the Company and the event of a material breach of the terms of the agreement by the Group. The standard rights of the Company to terminate the agreement include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement

During the year, the Company has recorded revenue of INR 2102 Millions, consisting of INR 519 Millions on construction and INR 1583 Millions on operation of the toll road, which is the amount of tolls collected. The Company has recorded loss of INR 664 Millions on the operation of toll road.

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

The Company has recognised an intangible asset of INR 519 Millions in 2017-18, of which INR 461 Millions has been amortised in 2017-18. The intangible asset represents the right to charge users a fee for use of the toll road

Capitalised borrowing costs included in this intangible asset amount to INR 2002 Millions



38 EXPENSES FOR PERIODIC MAJOR MAINTENANCE

Periodic MMR represents provision made for resurfacing obligation in accordance with the terms of Concession Agreement with APRDC.

39. Segment reporting

The Company is in the business of construction and maintenance of roads. Considering the core activities of the Company and internal reporting provided to the chief operating decision maker, the Company operates a single business segment. Further, the Company operates only in India. Hence, no separate financial disclosure have been provided for the segment reporting.

40. During the period the company has incurred Rs. 27 millions towards rectification of damages occurred due to intense rains. Since the Insurance claim against the said damages is not admitted as on the reporting date, costs incurred has been charged to statement of Profit and loss.

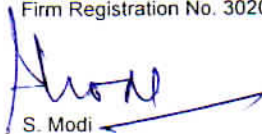
41. Previous year figures have been re grouped, reclassified and recast wherever necessary to confirm to current year's classification.

The notes are an integral part of the financial statements

For MKPS & Associates

Chartered Accountants

Firm Registration No. 302014E



S. Modi

Partner

Membership Number : 051361



Place : Hyderabad

Date : 24/05/2018

For and on behalf of the Board

N.A.M. Expressway Limited

M B Bajulge

Director

DIN : 02503289

Vijay Kini

Director

DIN : 06612768



S Srikanth Reddy
Chief Financial Officer

N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

1. Reporting entity

N.A.M. Expressway Limited (the 'Company') is a company domiciled in India, with its registered office situated at Ramky Grandiose, 15th Floor, Sy No 136/2 & 4, Gachibowli, Hyderabad, Telangana. The Company has been incorporated under the provisions of the Companies Act, 1956 as a Special Purpose Vehicle ("SPV") promoted by IL&FS Transportation Networks Limited ("ITNL") and Ramky Infrastructure Limited ("RIL").

The Company has entered into a Concession Agreement on 23 July 2010 with Chief Engineer (R&B) Core Road Network & Managing Director, A.P Road Development Corporation for Design, Construction, Finance, Operation and Maintenance of Narketpally-Addanki-Medarametla Road (SH-2) from in the state of Andhra Pradesh under Public-Private Partnership on DBFOT (Toll) basis.

2. Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other accounting principles generally accepted in India issued by the company in accordance with management of ITNL.

The financial statements were authorized for issue by the Company's Board of Directors on 24.05.2018.

Details of the Company's accounting policies are included in Note3.

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Present value of defined benefit obligations

D. Use of estimates and judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(c)(iv) – revenue based amortization of intangible assets recognized under service concession;
- Note 3(h)(ii) – realization of deferred tax assets



N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 is included in the following notes:

- Note 3(e)(i) – impairment test of non-financial assets;
- Note 3(h)(ii) – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 3(f) – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 3(g) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(e)(ii) – impairment of financial assets.

E. Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 3(a) – financial instruments;

3. Significant accounting policies

a. Financial instruments

Non-derivative financial instruments

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame



N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortized cost; non derivative financial liabilities at amortized cost. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition

Non- derivative financial assets

Financial assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The company's financial assets includes cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current assets.

Non-derivative financial liabilities

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

The company has the following financial liabilities: loans and borrowings, trade and other payables including deposits collected from various parties.

Offsetting

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

b. Property, plant and equipment

i. Recognition and measurement

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

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

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



N.A.M. Expressway Limited
Notes to the special purpose financial statements for the year ended 31 March 2018

iii. Depreciation

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Office equipment	5 years	5 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

c. Intangible assets

i. Other intangible assets

Service concession arrangements

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

ii. Subsequent expenditure

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

iii. Amortisation

The Company has followed revenue based amortization for intangible assets which are recognized under service concession arrangements, by taking proportionate of actual revenue earned for a year over total projected revenue from project to cost of intangible assets i.e. proportionate of actual revenue earned for the year over total projected revenue from intangible assets expected to be earned over the balance concession period as estimated by the management. Total projected revenue shall be reviewed at the end of each financial year and the total projected revenue shall be adjusted to reflect any changes in the estimates which lead to actual collection at the end of the concession period.

d. Revenue recognition

i. Construction contracts

Construction contract revenue arises from construction of road as per the agreement with Chief Engineer (R&B) Core Road Network & Managing Director, A.P Road Development Corporation.

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



N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

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

ii. Service concession arrangements

Revenue related to construction or upgrade services provided under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognising revenue on construction contracts (see (i) above). Operation or service revenue is recognised in the period in which the services are provided by the Company. Toll revenue from operations is recognized on actual collection of toll revenue.

e. Impairment

i. Impairment of financial instruments

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the Balance Sheet

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

Write-off

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

ii. Impairment of non-financial assets

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



N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

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

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

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

f. Employee benefits

i. Short-term employee benefits

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

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



g. Provisions (other than employee benefits)

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

Provision for major maintenance

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

h. Income tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

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

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

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

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

Minimum Alternate Tax (MAT)



N.A.M. Expressway Limited

Notes to the special purpose financial statements for the year ended 31 March 2018

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

i. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

k. Borrowing cost

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

l. Segment reporting

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

m. Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

