ITNL OFFSHORE THREE PTE. LTD.

FINANCIAL STATEMENTS

2016-2017

Special Purpose Financial Statements
ITNL OFFSHORE THREE PTE. LTD., SINGAPORE Equivalent ₹

Balance Sheet at March 31, 2017

	Notes	As at March 31, 2017		As at March 31, 2016	
ASSETS					
Non-current Assets					
Financial assets					
(i) Loans	**4**		2,569,733,809		2,786,501,159
(ii) Other financial assets	**5A**		48,773,799		28,011,588
Total Non-current Assets			**2,618,507,608**		**2,814,512,747**
Current Assets					
(a) Financial assets					
(i) Cash and cash equivalents	**6**	1,235,849		753,695	
(ii) Bank balances other than (i) above	**6**	20,748,683		22,504,900	
(iii) Other financial assets	**5B**	12,140,181	34,124,713	998,774	24,257,369
(b) Other Current assets		263,177	263,177	-	-
Total Current Assets			**34,387,890**		**24,257,369**
Total Assets			**2,652,895,498**		**2,838,770,116**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	**7**	63		63	
(b) Other Equity	**8**	(2,829,160)		(2,094,141)	
Equity attributable to owners of the Company			**(2,829,097)**		**(2,094,078)**
Total Equity			**(2,829,097)**		**(2,094,078)**
LIABILITIES					
Non-current Liabilities					
Financial Liabilities					
(i) Borrowings	**9**	2,562,161,199		2,778,533,500	
(ii) Trade payables	**12A**	41,458,045	2,603,619,244	23,812,633	2,802,346,133
Total Non-current Liabilities			**2,603,619,244**		**2,802,346,133**
Current liabilities					
(a) Financial liabilities					
(i) Borrowings	**11**	30,765,947		22,475,255	
(ii) Trade payables	**12B**	4,220,402		3,419,914	
(ii) Other financial liablilites	**13**	9,459,725	44,446,074	8,327,770	34,222,939
(b) Current tax liabilities (Net)	**14**		343,538		93,264
(c) Other current liabilities	**10**		7,315,739		4,201,858
			52,105,351		38,518,061
Total Current Liabilities			**52,105,351**		**38,518,061**
Total Liabilities			**2,655,724,595**		**2,840,864,194**
Total Equity and Liabilities			**2,652,895,498**		**2,838,770,116**

Notes 1 to 23 forms part of the special purpose financial statements.

For and on behalf of the Board

Sd/- Sd/- Sd/-

Special Purpose Financial Statements
ITNL OFFSHORE THREE PTE. LTD., SINGAPORE

Statement of Profit and Loss for the year ended March 31, 2017			Equivalent ₹
	Notes	**Year ended March 31, 2017**	**For the period March 10, 2015 to March 31, 2016**
Revenue from Operations	**15**	119,562,871	197,308,784
Other income	**16**	-	302,436
Total Income		**119,562,871**	**197,611,220**
Expenses			
Finance costs	**17**	111,390,816	191,921,011
Other expenses	**18**	3,090,543	3,694,024
Total expenses		**114,481,359**	**195,615,035**
Profit before exceptional items and tax		**5,081,512**	**1,996,185**
Add: Exceptional items		-	-
Profit before tax		**5,081,512**	**1,996,185**
Less: Tax expense			
Current tax	**19**	5,890,652	4,063,040
		5,890,652	**4,063,040**
Loss for the year (A)		**(809,140)**	**(2,066,855)**
Other Comprehensive Income			
(i) Items that may be reclassified to profit or loss		**-**	**-**
Exchange differences in translating the financial statements of foreign operations		74,121	(27,286)
Total other comprehensive income (B)		**74,121**	**(27,286)**
Total comprehensive loss for the year (A+B)		**(735,019)**	**(2,094,141)**
Loss for the year attributable to:			
- Owners of the Company		(809,140)	(2,066,855)
		(809,140)	(2,066,855)
Other comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		74,121	(27,286)
		74,121	(27,286)
Total comprehensive loss for the year attributable to:			
- Owners of the Company		(735,019)	(2,094,141)
		(735,019)	(2,094,141)
Earnings per equity share	**20**		
(1) Basic (in Rs.)		(809,140)	(2,066,855)
(2) Diluted (in Rs.)		(809,140)	(2,066,855)

Notes 1 to 23 forms part of the special purpose financial statements.

For and on behalf of the Board

Sd/-

Sd/-

Sd/-

Special Purpose Financial Statements
ITNL OFFSHORE THREE PTE. LTD., SINGAPORE

Statement of Cash Flows for the year ended March 31,2017

Equivalent ₹

	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
Cash flows from operating activities		
Loss for the year	(809,140)	(2,066,855)
Adjustments for:		
Income tax expense recognised in Statement of Profit or Loss	5,890,652	4,063,040
Foreign Exchange loss/(gain)		
	5,081,512	**1,996,185**
Movements in working capital:		
Increase in Current and Non Current Assets	125,348,718	(36,496,206)
Decrease in Current and Non Current liabilities	(134,415,549)	39,336,132
Long term loans given	-	(2,742,329,878)
	(9,066,831)	(2,739,489,952)
Cash generated from /(used) in operations	**(3,985,319)**	**(2,737,493,767)**
Direct Taxes paid (Net)	(5,890,652)	(4,063,040)
Net cash used by operating activities	**(9,875,971)**	**(2,741,556,807)**
Cash flows from investing activities		
Bank balance / deposits held as security against borrowings	1,292,274	(22,211,667)
Net cash generated from/(used in) investing activities	1,292,274	(22,211,667)
Cash flows from financing activities		
Proceeds from Issue of Shares	-	62
Proceeds from Long term borrowings from banks	-	2,742,329,878
Short term loan taken from related party	9,100,020	22,182,408
Net cash generated in financing activities	9,100,020	2,764,512,348
Net increase in cash and cash equivalents	516,323	743,874
Cash and cash equivalents at the beginning of the year	753,695	-
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(34,169)	9,821
Cash and cash equivalents at the end of the year	**1,235,848**	**753,695**

Notes 1 to 23 forms part of the special purpose financial statements.

For and on behalf of the Board

Sd/-

Sd/-

Sd/-

ITNL OFFSHORE THREE PTE. LTD., SINGAPORE
Notes forming part of the Special Purpose Financial Statements for the year ended March 31, 2017

Statement of changes in equity for the year ended March 31, 2017 Equivalent ₹

Equity share capital	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Balance as at the beging of the year	63	63
Changes in equity share capital during the year	-	-
Balance as at end of the year	63	63

Statement of changes in equity for the year ended March 31,2017			Equivalent ₹
b).Other equity	**Reserves and surplus**	**Items of other comprehensive**	**Total**
	Retained earnings	**Foreign currency translation reserve**	
Balance as at April 1, 2016	(2,066,855)	(27,286)	(2,094,141)
Loss for the year	(809,140)	-	(809,140)
Total comprehensive loss for the year	**(809,140)**	**-**	**(809,140)**
Gain/(loss) arising on changes in foreign exchange gain/(loss)	-	74,121	74,121
Balance as at March 31, 2017	**(2,875,995)**	**46,835**	**(2,829,160)**

Statement of changes in equity for the year ended March 31, 2016			Equivalent ₹
Other equity	**Reserves and surplus**	**Items of other comprehensive**	**Total**
	Retained earnings	**Foreign currency translation reserve**	
Balance as at April 1, 2015	-	-	-
Loss for the year	(2,066,855)	-	(2,066,855)
Total comprehensive loss for the year	**(2,066,855)**	**-**	**(2,066,855)**
Gain/(loss) arising on changes in foreign exchange gain/(loss)	-	(27,286)	(27,286)
Balance as at March 31, 2016	**(2,066,855)**	**(27,286)**	**(2,094,141)**

General Information & Significant Accounting Policies

1. General information

ITNL Offshore Three Pte. Ltd. (the "Company") (Registration 201506397N) is incorporated in the Republic of Singapore with its principal place of business at 78 Shenton Way, Level 29-03, Singapore 079120 and its registered office at 8, Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981. Its parent and ultimate holding company is IL&FS Transportation Networks Limited and Infrastructure Leasing & Financial Services Limited respectively.

The principal activity of the Company is that of investment holding.

Since major source of refinancing is directly or indirectly guaranteed by the holding company, the directors are of the view that there are no significant concerns on the long term viability of the Company and any required financial support will be obtained from its holding and ultimate holding company. Accordingly, there is no material uncertainty on the ability of the Company to continue as a going concern and hence, these financial statements have been prepared on a going concern basis.

The financial statements of the Company for the financial year ended March 31, 2017 were authorised for issue by the Board of Directors on May 26, 2017

The Company is assured of continuing operational and financial support from its parent company, vide its letter dated April 20, 2017 which is effective for the period of 12 months.

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.These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2.11 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 as disclosed in the accounting policies below.

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 financial statements is determined on this basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use.

The principal accounting policies are set out below.

Fair value measurement

The Company measures financial instruments 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 year.

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.

- Disclosures for valuation methods, significant estimates and assumptions Contingent consideration

- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

2.3 Foreign currencies

The Company's financial statements are presented in INR, which is also the parent company's functional currency.

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences on monetary items are recognised in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

2.4 Borrowing costs

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs including guarantee commission, are recognised in profit or loss in the period in which they are incurred.

2.5 Taxation

2.5.1 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 at the end of the reporting period.

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.

2.5.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets (including unused tax credit and unused tax losses such as carried forward business loss and unabsorbed depreciation) are generally recognised 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 recognised 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.

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 realised, 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off deferred tax assets against deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 its assets and liabilities.

2.6 Provisions

Provisions are recognised 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, 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).

2.7 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable

2.7.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.8 Financial instruments

Financial assets and financial liabilities are recognised 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 recognised immediately in the statement of profit and loss.

2.9 Financial assets

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

2.9.1 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.

2.9.2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instruments and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instruments, or, where appropriate, a shorter period.

2.9.3 Loans and receivables

Other receivables and loans to a fellow subsidiary that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

2.9.4 Financial assets at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in FVOCI for equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost or FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost or FVOCI criteria but are designated as at FVTPL are measured at FVTPL.

A debt instrument that meets the amortised cost or FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. [The Company has not designated any debt instrument as at FVTPL.]

Financial assets at FVTPL are measured at fair value at the end of each reporting year, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in in the "Other income" line item.

2.9.5 Impairment of financial assets

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:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Lease receivables under Ind AS 17
c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements)
d) Loan commitments which are not measured as at FVTPL
e) Financial guarantee contracts which are not measured as at FVTPL

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. In cases where the amounts are expected to be realized upto one year from the date of the invoice, loss for the time value of money is not recognised, since the same is not considered to be material.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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 year following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9.6 Derecognition of financial assets

The Company derecognises 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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises 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 recognised in other comprehensive income and accumulated in equity 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.

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 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.

2.9.7 Foreign Exchange Gain and Losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- Changes in the carrying amount of investments in equity instruments at FVOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

2.9.8 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 recognises 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 amortised 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 amortised 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 amortised 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 recognised in profit or loss as income or expense.

2.10 Financial liabilities and equity instruments-

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

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

2.10.1 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.

2.10.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.10.2.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting years. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised 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 year. 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 year, to the net carrying amount on initial recognition.

2.10.2.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting year, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' in the line-item 'Net foreign exchange gains/(losses)'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year.

2.10.2.3 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 derecognised and the consideration paid and payable is recognised in profit or loss.

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.

2.10.2.4 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.11 First-time adoption optional exemptions

2.11.1 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 recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.11.2 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).

2.11.3 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.

2.11.4 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 recognised 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.

2.11.5 Foreign Currency Monetary items

The Company had exercised the option of mortising / capitalizing the exchange differences arising on long-term foreign currency monetary items as given under Ministry of Corporate Affairs (MCA) Notification No. G.S.R 914(E) dated December 29, 2011.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1 Determination of functional currency

The determination of the Company's functional currency often requires significant judgement where the primary economic environment in which the Company operates and the currency that mainly influence the underlying transactions, events and conditions that are relevant to the Company may not be clear. Accordingly, management determines that the most appropriate functional currency is the United States dollar, as it is the currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions of the Company.

3.2 Key sources of estimation uncertainty

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Determination of impairment losses on loans to a fellow subsidiary

In estimating the impairment loss on the loans to a fellow subsidiary, the management takes into consideration whether there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans to a fellow subsidiary, the estimated future cash flows of the loans to a fellow subsidiary have been impacted; and determine the amount of the impairment as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The use of different indicators and/or estimation methodologies may have a material effect on amount of the impairment loss recognised. Accordingly, the management is of the view that as at the end of the reporting year, there were no objective evidence that loan to a fellow subsidiary is impaired.

4. Loans

Loans - Non Current

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Loans to related parties (Refer note 22 (c) / (d))		
-Secured, considered good		
-Unsecured, considered good (refer foot note below)	2,569,733,809	2,786,501,159
Total	**2,569,733,809**	**2,786,501,159**

Foot Note :

The Loan is denominated in Euro.It carries an interest at EURIBOR plus 3.5% and repayable by August 31, 2020

The Loan drawn under facility agreement as mentioned above has been extended to Elsamex S.A, a fellow subsidiary.

The above financial asset is carried at amortised cost.

5. Other financial assets

A Other financial assets - Non current

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Guarantee fee receivable from related party (refer note 22(c) /(d))	48,773,799	28,011,588
Total	**48,773,799**	**28,011,588**

B Other financial assets - Current

Equivalent ₹

Particulars	As at March 31,	As at March 31, 2016
Expenses reoverable from related party (refer note 22(c) /(d))	10,040,902	-
Interest recoverable from related party (refer note 22(c) /(d))	2,099,279	998,774
Total	**12,140,181**	**998,774**

6. Cash and cash equivalents

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with Banks	1,235,784	753,629
Cash on hand	65	66
Cash and cash equivalents	**1,235,849**	**753,695**
Balances held as security against borrowings	20,748,683	22,504,900
Other bank balances	**20,748,683**	**22,504,900**

7. Equity Share Capital

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Equity share capital	63	63
Total	**63**	**63**

Issued and subscribed capital comprises:		
1 fully paid equity share of USD 1 each	63	63
	63	**63**

7.1 Movement during the year

	For the Year ended March 31, 2017		For the Year ended March 31, 2016	
Particulars	**Number of shares**	**Share capital (Amount in ₹)**	**Number of shares**	**Share capital (Amount in ₹)**
Balance at the start of the year	1.00	63	1.00	63
Additions during the year	-	-	-	-
Balance at the end of the year	1.00	63	1.00	63

Note : All the above shares are held by the IL&FS Transportation Networks Limited (ITNL) - the holding company. These are fully paid equity shares which have a par value of USD 1, carry one vote per share and carry a right to dividends as and when declared by the Company

8. Other Equity

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Foreign currency translation reserve Balance at beginning of year Exchange differences arising on translation of foreign operations	 (27,286) 74,121	 - (27,286)
Balance at end of the year	**46,835**	**(27,286)**
Retained earnings Balance at beginning of year Loss attributable to owners of the Company	 (2,066,855) (809,140)	 - (2,066,855)
Balance at end of the year	(2,875,995)	(2,066,855)
Total	**(2,829,160)**	**(2,094,141)**

9. Non-current Borrowings

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured – at amortised cost (refer foot note below)		
Term loans		
- from banks	2,562,161,199	2,778,533,500
Total Non-current borrowings	**2,562,161,199**	**2,778,533,500**

Summary of borrowing arrangements

Foot Note : Amounts repayable to Banks by the Company at interest rate of EURIBOR Plus 3.2% per annum (as at March 31, 2016: EURIBOR Plus 3.2% per annum;).

Particulars	Date of Loan Taken	Amount of Loan (in Euro)	Terms of Repayment	Due date of Repayment
State Bank of India, Singapore Branch	27.05.2015	14.5 Mn	60 months	26.05.2020
Mega International Commercial Bank Co Ltd, Singapore Branch	27.05.2015	4.0 Mn	60 months	26.05.2020
EXIM Bank India, London Branch	27.05.2015	18.5 Mn	60 months	26.05.2020
		37 Mn		

Foot Note :

The Company entered into an Euro term facility as borrower,with arrangers namely Australia and New Zealand Banking Group Limited (ANZ) and Export- Import Bank of India, London branch (EXIM) on 7th April, 2015. One of the arranger ANZ vide clause 23 of the term loan facility had transferred by novation to new lenders, all of their existing rights and obligations under the facility agreement and the other finance documents which relate to that portion of their commitment and participation in loans under the facility agreement.

The Loan drawn under facility agreement as mentioned above has been extended to Elsamex S.A, a fellow subsidiary.

The Holding Company has given guarantee to the banks for the aforesaid borrowings.

Age-wise analysis and Repayment terms of the Company's Long term Borrowings are as below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	₹	₹	Frequency of Repayment*	Frequency of Repayment*
Repayment				
3 to 5 years	2,562,161,199	2,778,533,500	B	B
Total	**2,562,161,199**	**2,778,533,500**		

***QT = Quarterly, Y = Yearly and B = Bullet repayment**

10. Other current liabilities

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Statutory Dues - withholding tax payable	7,315,739	4,201,858
Total	**7,315,739**	**4,201,858**

11. Current Borrowings

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured - at amortised cost		
Loans from related party (refer note 22(c) /(d))	30,765,947	22,475,255
Total	**30,765,947**	**22,475,255**

12. Trade payables

A. Trade payables - Non Current

Particulars	As at March 31, 2017	As at March 31, 2016
Guarantee fee payable (refer note 22(c) /(d))	41,458,045	23,812,633
Total	**41,458,045**	**23,812,633**

B.Trade payables - Current

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Expenses payable to related party (refer note 22(c) /(d))	1,405,980	1,438,383
Payable to related party (refer note 22(c) /(d))	1,874,262	349,011
Audit fees payable	940,160	1,632,520
Total	**4,220,402**	**3,419,914**

13. Other financial liabilities

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Interest accrued		
- Loan from banks	7,287,925	7,329,002
- Loan from related parties (refer note 22(c) /(d))	2,171,800	998,768
Total	**9,459,725**	**8,327,770**

14. Current tax assets and liabilities

Equivalent ₹

Particulars	As at March 31, 2017	As at March 31, 2016
Current tax assets	-	-
Current tax liabilities		
Income tax payable	343,538	93,264
	343,538	**93,264**

15. Revenue from operations (refer note 22(c) /(d))

Equivalent ₹

Particulars	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
Interest income on loan	96,212,683	79,419,293
Interest on DSRA Loan from fellow sudsidiary	1,222,991	985,759
Finance charges recovered	-	89,257,177
Guarantee Commission recovered	22,127,197	27,646,555
Total	**119,562,871**	**197,308,784**

16. Other Income

Equivalent ₹

Particulars	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
Foreign exchange gains	-	302,436
Total	**-**	**302,436**

17. Finance costs

Equivalent ₹

Particulars	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
(a) Interest costs :-		
Interest on bank loans	87,965,842	72,611,881
Interest on loans from related party (refer note 22(c) /(d))	1,297,777	985,759
Total	89,263,619	73,597,640
(b) Other borrowing costs (refer note 22(c) /(d))		
Finance charges	-	89,257,177
Guarantee commission	22,127,197	27,646,555
(c) Processing and other fees (refer note 22(c) /(d))	-	1,419,639
Total (a+b+c)	**111,390,816**	**191,921,011**

Interest on Loan taken from ITNL International Pte Ltd to maintain the DSRA account pursuant to the loan taken from banks is fully recovered from Elsamex S.A.

The charges on loan taken from bank to finance Elsamex S.A. are recovered fully from Elsamex S.A.

Guaranatee Commission payable to ITNL for the guarantee given for Bank loan is recovered from Elsamex S.A.

18. Other expenses

Equivalent ₹

Particulars	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
Legal and consultation fees	2,408,417	2,590,440
Exchange rate fluctuation cost (net)	420,058	-
Bank Charges	122,062	76,414
Payment to auditors	140,006	916,559
Formation Expenses	-	110,611
Total	**3,090,543**	**3,694,024**

Equivalent ₹

Payments to auditors	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
a) For audit	140,006	916,559
b) For taxation matters	-	-
c) For company law matters	-	-
d) For other services	-	-
e) For reimbursement of expenses	-	-
Total	**140,006**	**916,559**

19 Income tax recognised in profit or loss

Equivalent ₹

Particulars	Year ended March 31, 2017	For the period March 10, 2015 to March 31, 2016
Current tax		
In respect of the current year	5,165,912	4,063,040
In respect of prior year	724,740	-
	5,890,652	**4,063,040**

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20. 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	(809,140)	(2,066,855)
Diluted earnings per share	(809,140)	(2,066,855)

20.1 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
Loss for the year attributable to owners of the Company (A)	(809,140)	(2,066,855)
Weighted average number of equity shares for the purposes of basic earnings per share (B)	1	1
Basic Earnings per share (A/B)	(809,140)	(2,066,855)

20.2 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	(809,140)	(2,066,855)
Earnings used in the calculation of diluted earnings per share (A)	(809,140)	(2,066,855)
Weighted average number of equity shares used in the calculation of basic earnings per share	1	1
Weighted average number of equity shares used in the calculation of diluted earnings per share (B)	1	1
Diluted earnings per share (A/B)	(809,140)	(2,066,855)

21 Financial instruments

21.1 Capital management

The Company review its capital structure at least annually to ensure that it will be able to continue as a going concern. The capital structure of the company comprises of share capital, debt which includes borrowing diclosed in Notes 9, 11 & 13 and accumulated losses. There are no capital requirements imposed externally on the Company.

21.1.1 Gearing ratio

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

Equivalent ₹

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Debt (i)	2,602,386,871	2,809,336,525
Cash and bank balances	21,984,532	23,258,595
Net debt	2,580,402,339	2,786,077,930
Equity (ii)	(2,829,097)	(2,094,078)
Net debt to equity ratio	(912)	(1,330)

Debt is defined as long- and short-term borrowings, as described in notes 9 and 11

Equity includes all capital and reserves of the Company that are managed as capital.

21.2 Categories of financial instruments

Equivalent ₹

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Financial assets		
Cash and bank balances	21,984,532	23,258,595
Loans	2,569,733,809	2,786,501,159
Other financial assets	60,913,980	29,010,362
Financial liabilities		
Borrowings	2,592,927,146	2,801,008,755
Trade payable	45,678,447	27,232,547
Other financial liabilities	9,459,725	8,327,770

21.3 Financial risk management objectives

The Company has documented financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Company. The Board of Directors provide principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and investing excess cash. Such written policies are reviewed annually by the Directors and periodic reviews are undertaken to ensure that the Company's policy guidelines

The Company does not hold or issue derivative financial instruments for speculative purposes. There has been no change to the Company's exposure to there financial risks or the manner in which it manages and measures the risk.

21.4 Foreign currency risk management

Foreign currency risk refers to the risk that changes in foreign exchange rates would have an adverse impact on the fair value or future cash flows of the Company's financial instruments. The Company has underlying loans and borrowings denominated in Euro and expenses denominated in Singapore Dollar, Euro and Indian Rupees, and therefore is exposed to foreign currency risks.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

Particulars	Liabilities as at		Assets as at	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
EURO	2,602,386,871	2,809,336,527	2,593,817,555	2,810,758,463
Singapore Dollar (SGD)	7,659,277	4,295,122		
Indian Rupees (INR)	41,458,045	23,812,633		

<u>21.4.1 Foreign currency sensitivity analysis</u>

The Company is mainly exposed to the currency of Spain,Singapore & India.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the financial year for a 10% change in foreign currency rates

If the relevant foreign currencies weaken by 10% against the functional currency of the Company, profit or loss will (decrease)/increase by:

Particulars	Currency Euro Impact		Currency SGD Impact		Currency SGD Impact	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Profit or (loss)	856,932	(142,194)	765,928	429,512	4,145,804	2,381,263

(i) This is mainly attributable to the exposure outstanding on Currency Euro SGD & INR
(ii) This is as a result of the changes in Euro SGD & INR
(iii) This is mainly attributable to the exposure to outstanding Currency Euro SGD & INR
(iv) This is mainly as a result of Euro SGD & INR

A 10% strengthening of the relevant foreign currencies against the functional currency of the Company at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

21.5 Interest rate risk management

Interest rate risk refers to the risk that changes in market interest rates would have an adverse impact on the fair value or future cash flows of the Company's financial instruments. The Company has exposure to interest rate risk at the end of the reporting year as its interest-bearing instruments carry market interest rate.

21.5.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2017 would decrease/increase by ₹.138,067,738 (2016: decrease/increase by .₹.1,300,538). This is mainly attributable to the Company's exposure to interest rates on its borrowings.

21.6 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. There is concentration of credit risk in respect of loan to a fellow subsidiary. The repayment of loan is guaranteed by its immediate holding company

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies.

The credit risk associated with loans from a fellow subsidiary and other financial assets is not considered an undue exposure and management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The carrying amount of financial assets recorded in the financial statements, represents the Company's maximum exposure to credit risk.

21.7 Liquidity risk management

Liquidity risk refers to the risk of difficulties in meeting payment obligations. In the management of its liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. Liquidity risk is managed by matching the payment and receipt cycle. The Company's operations are financed mainly through cash flows from operations and funding support from its immediate holding company.

21.7.1 Liquidity and interest risk tables

The following tables detail the remaining contractual maturity for non-derivative financial liabilities and the expected realisation for financial assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management which is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted cash flows of financial instruments which include both interest and principal cash flows. The adjustment column represents the future interest cash flows and amortised cost attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial instruments in the Balance sheet.

Particulars	March 31, 2017		March 31, 2016	
	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments
Weighted average effective interest rate (%)		3.2%		3.2%
Upto 1 year	45,678,447	124,009,940	27,232,547	121,187,928
1 to 3 years		166,483,541		180,295,952
3 to 5 years	-	2,574,915,069	-	2,882,759,379
More than 5 years				
Total	**45,678,447**	**2,865,408,550**	**27,232,547**	**3,184,243,259**
Carrying Value	**45,678,447**	**2,602,386,871**	**27,208,069**	**2,809,361,004**

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	
	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments
Weighted average effective interest rate (%)		3.5%		3.5%
Upto 1 year	80,799,233	100,593,026	52,268,957	107,565,782
1 to 3 years		182,091,373		197,198,697
3 to 5 years	-	2,600,273,347	-	2,918,733,670
More than 5 years				
Total	**80,799,233**	**2,882,957,746**	**52,268,957**	**3,223,498,149**
Carrying Value	**80,799,233**	**2,571,833,088**	**51,270,183**	**2,787,499,933**

21.8 Fair value measurements

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

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

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22. 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
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the year/ there was balance outstanding at the year end)	ITNL International Pte. Ltd. ITNL Offshore Two Pte. Ltd. Elsamex S.A.	IIPL IOPL2 Elsamex
Key Management Personnel ("KMP")	K Ramchand	
	Mukund Sapre	

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
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the year/ there was balance outstanding at the year end)	ITNL International Pte. Ltd. IL&FS Global Financial Services Limited (UK) ITNL Offshore Two Pte. Ltd. Elsamex S.A.	IIPL IGFSL(UK) IOPL2 Elsamex
Key Management Personnel ("KMP")	K Ramchand	
	Mukund Sapre	

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Related Party Disclosures (contd.)

Year ended March 31, 2017

(c) transactions/ balances with above mentioned related parties (mentioned in note 22 (a) above)

Particulars	Elsamex	IIPL	IOPL2	ITNL	Total
Balance					
long-term loans (lending)	2,569,733,809				2,569,733,809
Interest accrued but not due on borrowing		2,171,800			2,171,800
Other Payables		1,874,262	1,405,980		3,280,242
Short Term Borrowings		30,765,947			30,765,947
Guarantee fee & Interest receivable	50,873,078				50,873,078
Other receivable	10,040,902				10,040,902
Guarantee fee payable				41,458,045	41,458,045
Transactions					
Interest income	96,212,683				96,212,683
Guarantee commission recovered	22,127,197				22,127,197
Guarantee Commission expense				22,127,197	22,127,197
Interest expense		1,297,777			1,297,777
Interest on DSRA Loan	1,222,991				1,222,991

Year ended March 31, 2016

(d) transactions/ balances with above mentioned related parties (mentioned in note 22 (b) above)

Particulars	Elsamex	IIPL	IOPL2	IGFSL(UK)	ITNL	Total
Balance						
long-term loans (lending)	2,786,501,159					2,786,501,159
Interest accrued but not due on borrowing		998,768				998,768
Other Payables		349,011	1,438,383			1,787,394
Short Term Borrowings		22,475,255				22,475,255
Guarantee fee & Interest receivable	29,010,362					29,010,362
Guarantee fee payable					23,812,633	23,812,633
Transactions						
Interest income	79,419,293					79,419,293
Finance charges	89,257,177					89,257,177
Guarantee Commission expense					27,646,555	27,646,555
Interest expense		985,759				985,759
Interest on DSRA Loan	985,759					985,759
Processing and other fees			1,419,639			1,419,639
Retainer Fees				102,957		102,957
Guarantee commission recovered	27,646,555					27,646,555

Ind AS 101 reconciliation

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

		As at March 31, 2016 (End of last year presented under previous GAAP)		
	Notes	**Previous GAAP (SCA)**	**Effect of transition to Ind AS**	**As per Ind AS Balance Sheet**
Non-current assets				
(a) Financial assets				
Loans	a	2,778,533,500	7,967,659	2,786,501,159
Other financial assets	a		28,011,588	28,011,588
(b) Other non-current assets	a	22,504,900	(22,504,900)	-
Total non-current assets		**2,801,038,400**	**13,474,347**	**2,814,512,747**
Current assets				
(a) Financial assets				
Cash and cash equivalents	a	753,695	22,504,900	23,258,595
(b) Other current assets	a	36,978,021	(35,979,247)	998,774
		37,731,716	**(13,474,347)**	**24,257,369**
Total current assets		**37,731,716**	**(13,474,347)**	**24,257,369**
Total Assets		**2,838,770,116**	**0**	**2,838,770,116**
Equity				
(a) Equity share capital		63	(0)	63
(b) Other Equity		(2,094,141)	(0)	(2,094,141)
Equity attributable to owners of the Company		(2,094,078)	(0)	(2,094,078)
Total equity		**(2,094,078)**	**(0)**	**(2,094,078)**
Non-current liabilities				
Financial liabilities				
(i) Borrowings		2,778,533,500	0	2,778,533,500
(ii) Trade and other payables	a		23,812,633	23,812,633
Total non-current liabilities		**2,778,533,500**	**23,812,633**	**2,802,346,133**
Current liabilities				
Financial liabilities				
(i) Borrowings		22,475,255	0	22,475,255
(ii) Trade and other payables	a	26,976,800	(23,556,886)	3,419,914
(ii) Other financial liablilites	a		8,327,770	8,327,770
Current tax liabilities (Net)	a		93,264	93,264
Other current liabilities	a	12,878,639	(8,676,781)	4,201,858
		62,330,694	**(23,812,633)**	**38,518,061**
Total current liabilities		**62,330,694**	**(23,812,633)**	**38,518,061**
Total liabilities		**2,840,864,194**	**0**	**2,840,864,194**
Total equity and liabilities		**2,838,770,116**	**0**	**2,838,770,116**

Foot Notes

a Reclassification of Current/Non current Asset/Liablity from one head to other head in comparison from IGAAP to INDAS

Reconciliation of total equity as at March 31, 2016

	Notes	**As at March 31, 2016** (End of last year presented under previous GAAP) (SCA)
Total equity / shareholders' funds under previous GAAP		**(2,094,078)**
Adjustments:		
		-
		-
Total adjustment to equity		**-**
Total equity under Ind AS		**(2,094,078)**

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the period March 10, 2015 to March 31, 2016 (Latest year presented under previous GAAP)		
		Previous GAAP (SCA)	Effect of transition to Ind AS	Ind AS
Revenue from Operations	b	79,419,293	117,889,491	197,308,784
Other income		302,436	0	302,436
Total Income		**79,721,729**	**117,889,491**	**197,611,220**
Expenses				
Finance costs	b	74,031,520	117,889,491	191,921,011
Other expenses		3,694,024	(0)	3,694,024
Total expenses		**77,725,544**	**117,889,491**	**195,615,035**
Profit before exceptional items and tax		**1,996,185**	**(0)**	**1,996,185**
Add: Exceptional items				
Profit before tax		**1,996,185**	**(0)**	**1,996,185**
Less: Tax expense				
(1) Current tax		4,063,040	0	4,063,040
		4,063,040	**0**	**4,063,040**
Profit for the year		**(2,066,855)**	**(0)**	**(2,066,855)**
Other Comprehensive Income			**27,286**	(27,286)
Total comprehensive income for the year		**(2,066,855)**	**27,286**	**(2,094,141)**

Reconciliation of total comprehensive income for the period March 10, 2015 to March 31, 2016

Particulars	Notes	For the period March 10, 2015 to March 31, 2016 (Latest period presented under previous GAAP)
Profit as per previous GAAP (SCA)		(2,066,855)
Adjustments:		
In IndAS cumulative balance of Foreign Currency Translation reserve on the date of transaction taken in retained earning. Impact of same in FY16 as per IGAAP reversed.		**(27,286)**
Total adjustments		**(27,286)**
Total comprehensive income under Ind AS		**(2,094,141)**

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	For the period March 10, 2015 to March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP (SCA)	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities		(2,741,556,807)	(0)	(2,741,556,807)
Net cash flows from investing activities		(22,211,667)	-	(22,211,667)
Net cash flows from financing activities		2,764,512,348	-	2,764,512,348
Net increase (decrease) in cash and cash equivalents		**743,874**	**(0)**	**743,875**
Cash and cash equivalents at the beginning of the period		-		**-**
Effects of exchange rate changes on the balance of cash held in foreign currencies		9,821		**9,821**
Cash and cash equivalents at the end of the period		**753,696**	**(0)**	**753,696**

Analysis of cash and cash equivalents as at March 31, 2016 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)
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP (SCA)		**753,696**
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS		**753,696**

ITNL OFFSHORE THREE PTE. LTD., SINGAPORE

Notes forming part of the Special Purpose Financial Statements for the year ended March 31, 2017

Note 23: Segment Information

The Company is in the business of raising funds for onward lending as such all activities undertaken by the Company are incidental to the main business and thus the Company operates in single operating segments. Also it operates in a single geographic segment. In the absence of separate reportable operations or geographic segments, disclosure required as per Ind AS 108 - "Segment Reporting" has not been made.

For and on behalf of the Board

Sd/- Sd/-