

**SRINAGAR SONAMARG TUNNELWAY LIMITED**

**FINANCIAL STATEMENTS**

**2016-2017**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SRINAGAR SONAMARG TUNNELWAY LIMITED**

#### **Report on the Financial Statements**

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

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

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

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

#### **Auditor's Responsibility**

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

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

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

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

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

#### **Opinion**

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained "all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters "to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
    - ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
    - iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
    - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

Place:  
Date:

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



*Manju Agrawal*  
Manju Agrawal  
(Partner)  
(M No. 083878)

**Annexure to the Independent Auditor's Report of SRINAGAR SONAMARG TUNNELWAY LIMITED  
for the Year ended as on 31<sup>st</sup> March 2017**

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

- i. The company doesn't have any fixed asset as at 31.03.2017, therefore paragraph 3(i) of the Order is not applicable to the company.
- ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 were not applicable. Therefore the paragraph 3(vi) of the Order is not applicable to the company.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31<sup>st</sup> March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
  - b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.
- viii. The company has not taken any loan or borrowing from any bank of financial institution or government.
- ix. The company has not raised any money by way of term loan or by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. The company has not paid any managerial remuneration, hence paragraph 3(xi) of the order is not applicable to the company.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.
- xiii. In our opinion and according to the information provided to us, the transaction entered with the



related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore para 3(xiv) of the Order is not applicable to the company.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

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



A handwritten signature in blue ink that reads "Manju Agrawal".

Manju Agrawal  
(Partner)  
(M No. 083878)

Place:  
Date:

## **Annexure-A**

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

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SRINAGAR SONAMARG TUNNELWAY LIMITED**("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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



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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

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

Place:

Date:

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



*Manju Agrawal*  
Manju Agrawal  
(Partner)  
(M No. 083878)

Particulars	Notes	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
<b>ASSETS</b>							
<b>Non-current Assets</b>							
(a) Financial assets							
(i) Other financial assets	5		4,35,66,73,656		3,46,28,21,781		2,80,05,75,091
(b) Other non-current assets	7A		77,57,50,000		77,57,50,000		-
<b>Total Non-current Assets</b>			<b>5,13,24,23,656</b>		<b>4,23,85,71,781</b>		<b>2,80,05,75,091</b>
<b>Current Assets</b>							
(a) Financial assets							
(i) Cash and cash equivalents	6	5,26,97,159	5,26,97,159	93,91,584	93,91,584	2,78,96,979	2,78,96,979
(b) Other current assets	7B		75,26,84,505		59,05,49,200		33,82,03,600
			<b>80,53,81,664</b>		<b>59,99,40,783</b>		<b>36,61,00,579</b>
<b>Total Current Assets</b>			<b>80,53,81,664</b>		<b>59,99,40,783</b>		<b>36,61,00,579</b>
<b>Total Assets</b>			<b>5,93,78,05,320</b>		<b>4,83,85,12,564</b>		<b>3,16,66,75,669</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital	9	11,58,38,230		11,58,38,230		11,58,38,230	
(b) Other Equity	10	62,49,99,997		47,24,97,333		21,55,20,112	
Equity attributable to owners of the Company			<b>74,08,38,227</b>		<b>58,83,35,563</b>		<b>33,13,58,342</b>
<b>Total Equity</b>			<b>74,08,38,227</b>		<b>58,83,35,563</b>		<b>33,13,58,342</b>
<b>LIABILITIES</b>							
<b>Non-current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings	11	1,17,60,07,231		89,56,86,727		-	
(ii) Other financial liabilities	12	32,61,64,961	1,50,21,72,192	15,07,04,738	1,04,63,91,465	5,28,13,878	5,28,13,878
<b>Total Non-current Liabilities</b>			<b>1,50,21,72,192</b>		<b>1,04,63,91,465</b>		<b>5,28,13,878</b>
<b>Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	14	53,50,00,000		53,50,00,000		50,50,00,000	
(ii) Trade payables	15	3,06,15,68,523	3,59,65,68,523	2,66,69,04,566	3,20,19,04,566	2,27,73,24,320	2,78,23,24,320
(b) Current tax liabilities (Net)	16		6,15,88,943				
(c) Other current liabilities	13		3,66,37,435		18,80,971		1,79,129
			<b>3,69,47,94,901</b>		<b>3,20,37,85,537</b>		<b>2,78,25,03,449</b>
<b>Total Current Liabilities</b>			<b>3,69,47,94,901</b>		<b>3,20,37,85,537</b>		<b>2,78,25,03,449</b>
<b>Total Liabilities</b>			<b>5,19,69,67,093</b>		<b>4,25,01,77,002</b>		<b>2,83,53,17,327</b>
<b>Total Equity and Liabilities</b>			<b>5,93,78,05,320</b>		<b>4,83,85,12,564</b>		<b>3,16,66,75,669</b>

Notes 1 to 26 forms part of the financial statements

In terms of our report attached.

For Gianender & Associates

Chartered Accountants

FIRN No: 004661N

Manju Agarwal

Partner

Mem No: 083878

Place

Date



For and on behalf of the Board

*Krishna Ghag*

Krishna Ghag

Director

DIN: 02491661

*Hiralkh*

Hiralkh

Company Secretary

*S C Mittal*

S C Mittal

Director

DIN: 02607734

*Ashish More*

Ashish More

Chief Financial Officer

Place Mumbai

Date 10/5/2017





**SRINAGAR SONAMARG TUNNELWAY LIMITED**  
**CIN: U45400MH2013PLC241828**  
**Statement of profit and loss for the year ended March 31, 2017**

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Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	17	89,38,51,876	66,22,46,690
Other income		-	-
<b>Total Income</b>		<b>89,38,51,876</b>	<b>66,22,46,690</b>
<b>Expenses</b>			
Construction Costs	18	49,98,44,965	35,13,72,734
Employee benefits expense	19	1,67,610	-
Finance costs	20	18,90,94,193	10,65,23,677
Other expenses	21	12,81,312	11,92,376
<b>Total expenses</b>		<b>69,03,88,080</b>	<b>45,90,88,787</b>
Profit before exceptional items and tax		20,34,63,795	20,31,57,903
Add: Exceptional items			
<b>Profit before tax</b>		<b>20,34,63,795</b>	<b>20,31,57,903</b>
Less: Tax expense	22		
(1) Current tax		4,34,22,429	-
(2) Deferred tax		-	-
		<b>4,34,22,429</b>	-
<b>Profit for the year</b>		<b>16,00,41,366</b>	<b>20,31,57,903</b>
Earnings per equity share	23		
(1) Basic (in Rs.)		13.82	17.54
(2) Diluted (in Rs.)		13.82	17.54

Notes 1 to 26 forms part of the financial statements

In terms of our report attached.

**For Gianender & Associates**

Chartered Accountants

FRN No: 004661N

*Manju Agarwal*  
 Manju Agarwal  
 Partner  
 Mem No: 083878  
 Place  
 Date



For and on behalf of the Board

*Krishna Ghag*  
 Krishna Ghag  
 Director  
 DIN: 02491661

*S C Mittal*  
 S C Mittal  
 Director  
 DIN: 02607734

*Hiral Parikh*  
 Hiral Parikh  
 Company Secretary  
 Place ~~MUMBAI~~  
 Date 10/5/2017

*Ashish More*  
 Ashish More  
 Chief Financial Officer



**SRINAGAR SONAMARG TUNNELWAY LIMITED**  
**CIN: U45400MH2013PLC241828**  
**Statement of cash flows for the year ended March 31, 2017**

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Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Cash flows from operating activities</b>		
Profit for the year	16,00,41,366	20,31,57,903
<b>Adjustments for:</b>		
Income tax expense recognised in profit or loss	4,34,22,429	-
Finance costs recognised in profit or loss	18,90,94,193	10,65,23,677
Finance Income recognised in profit or loss	(39,40,06,911)	(31,08,73,956)
Costruction Cost	49,98,44,965	35,13,72,734
Construction Income	(49,98,44,965)	(35,13,72,734)
	<b>(14,48,922)</b>	<b>(11,92,376)</b>
Movements in working capital:		
(Increase)/decrease in other assets	(16,21,35,305)	(1,02,80,95,600)
Increase/(Decrease) in other liabilities	41,77,34,494	38,75,20,146
	<b>25,55,99,189</b>	<b>(64,05,75,454)</b>
Cash generated from operations	<b>25,41,50,267</b>	<b>(64,17,67,830)</b>
Income taxes (paid)/ Refund received	-	-
<b>Net cash generated by operating activities</b>	<b>25,41,50,267</b>	<b>(64,17,67,830)</b>
<b>Cash flows from investing activities</b>		
Payments to acquire financial assets	(49,62,62,405)	(35,20,98,705)
<b>Net cash (used in)/generated by investing activities</b>	<b>(49,62,62,405)</b>	<b>(35,20,98,705)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	29,50,00,000	98,17,50,000
Interest paid (Finance cost paid)	(95,82,287)	(63,88,861)
<b>Net (used in)/ generated in financing activities</b>	<b>28,54,17,713</b>	<b>97,53,61,139</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>4,33,05,575</b>	<b>(1,85,05,395)</b>
Cash and cash equivalents at the beginning of the year	93,91,584	2,78,96,979
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>5,26,97,158</b>	<b>93,91,583</b>

Notes 1 to 26 forms part of the financial statements

In terms of our report attached.

**For Gianender & Associates**

Chartered Accountants

FRN No: 004661N

  
 Manju Agarwal  
 Partner  
 Mem No:083878



Place  
 Date

For and on behalf of the Board

  
 Krishna Ghag  
 Director  
 DIN: 02491661

  
 S C Mittal  
 Director  
 DIN: 02607734

  
 Hiral Parikh  
 Company Secretary  
 Place Mumbai  
 Date 10/5/2017

  
 Ashish More  
 Chief Financial Officer



Ind AS 101 reconciliations

Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and March 31, 2015

	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)			Control total	As at April 1, 2015 (Date of transition)		
		Previous GAAP (IGAAP)	Effect of transition to Ind AS	As per Ind AS balance sheet		Previous GAAP (IGAAP)	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>Non-current assets</b>								
(a) Capital work-in-progress		3,51,55,98,699	(3,51,55,98,699)	-	-	2,91,75,16,233	(2,91,75,16,233)	-
<b>(b) Financial assets</b>								
(i) Other financial assets		-	3,46,28,21,781	3,46,28,21,781	(89,38,51,876)	-	2,80,05,75,091	2,80,05,75,091
(ii) Other non-current assets	g,n	77,57,50,000	-	77,57,50,000	-	-	-	-
<b>Total non-current assets</b>		<b>4,29,13,48,699</b>	<b>(5,27,76,918)</b>	<b>4,23,85,71,781</b>	<b>(89,38,51,876)</b>	<b>2,91,75,16,233</b>	<b>(11,69,41,142)</b>	<b>2,80,05,75,091</b>
<b>Current assets</b>								
<b>(a) Financial assets</b>								
(i) Cash and cash equivalents	e	93,91,584	-	93,91,584	(4,33,05,575)	2,78,96,979	-	2,78,96,979
(b) Other current assets	g,n	11,44,03,501	47,61,45,699	59,05,49,200	(16,21,35,305)	-	33,82,03,600	33,82,03,600
		12,37,95,085	47,61,45,699	59,99,40,783	(20,54,40,880)	2,78,96,979	33,82,03,600	36,61,00,579
<b>Assets classified as held for sale</b>								
		-	-	-	-	-	-	-
<b>Total current assets</b>		<b>12,37,95,085</b>	<b>47,61,45,699</b>	<b>59,99,40,783</b>	<b>(20,54,40,880)</b>	<b>2,78,96,979</b>	<b>33,82,03,600</b>	<b>36,61,00,579</b>
<b>Total Assets</b>		<b>4,41,51,43,784</b>	<b>42,33,68,781</b>	<b>4,83,85,12,564</b>	<b>(1,09,92,92,756)</b>	<b>2,94,54,13,212</b>	<b>22,12,62,458</b>	<b>3,16,66,75,669</b>
<b>Equity</b>								
(a) Equity share capital	f	11,58,38,230	-	11,58,38,230	-	11,58,38,230	-	11,58,38,230
(b) Other Equity	b,c,d,f,g, k,m,n	(69,34,721)	47,94,32,054	47,24,97,333	(15,25,02,685)	(57,42,345)	22,12,62,458	21,55,20,112
Equity attributable to owners of the Company		10,89,03,509	47,94,32,054	58,83,35,563	(15,25,02,685)	11,00,95,885	22,12,62,458	33,13,58,342
<b>Total equity</b>		<b>10,89,03,509</b>	<b>47,94,32,054</b>	<b>58,83,35,563</b>	<b>(15,25,02,685)</b>	<b>11,00,95,885</b>	<b>22,12,62,458</b>	<b>33,13,58,342</b>
<b>Non-current liabilities</b>								
<b>Financial liabilities</b>								
(i) Borrowings	f,g	95,17,50,000	(5,60,63,273)	89,56,86,727	(28,03,20,504)	-	-	-
(ii) Other financial liabilities	h	15,07,04,738	-	15,07,04,738	(17,54,60,223)	5,28,13,878	-	5,28,13,878
<b>Total non-current liabilities</b>		<b>1,10,24,54,738</b>	<b>(5,60,63,273)</b>	<b>1,04,63,91,465</b>	<b>(45,57,80,727)</b>	<b>5,28,13,878</b>	<b>-</b>	<b>5,28,13,878</b>
<b>Current liabilities</b>								
<b>Financial liabilities</b>								
(i) Borrowings		53,50,00,000	-	53,50,00,000	-	50,50,00,000	-	50,50,00,000
(ii) Trade and other payables		2,66,89,04,566	-	2,66,89,04,566	(39,46,63,957)	2,27,73,24,320	-	2,27,73,24,320
Other current liabilities	i	18,80,971	-	18,80,971	(3,47,58,464)	1,79,129	-	1,79,129
		3,20,37,85,537	-	3,20,37,85,537	(49,10,09,364)	2,78,25,03,449	-	2,78,25,03,449
<b>Liabilities directly associated with assets classified as held for sale</b>								
		-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>3,20,37,85,537</b>	<b>-</b>	<b>3,20,37,85,537</b>	<b>(49,10,09,364)</b>	<b>2,78,25,03,449</b>	<b>-</b>	<b>2,78,25,03,449</b>
<b>Total liabilities</b>		<b>4,30,62,40,275</b>	<b>(5,60,63,273)</b>	<b>4,25,01,77,002</b>	<b>(94,67,90,091)</b>	<b>2,83,53,17,327</b>	<b>-</b>	<b>2,83,53,17,327</b>
<b>Total equity and liabilities</b>		<b>4,41,51,43,784</b>	<b>42,33,68,781</b>	<b>4,83,85,12,564</b>	<b>(1,09,92,92,756)</b>	<b>2,94,54,13,212</b>	<b>22,12,62,458</b>	<b>3,16,66,75,669</b>

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

	Notes	As at March 31, 2016 (End of last period presented under previous GAAP) (IGAAP)	As at April 1, 2015 (End of comparable interim period presented under previous GAAP) (SCA)
Total equity / shareholders' funds under previous GAAP		10,89,03,509	11,00,95,885
<b>Adjustments:</b>			
Finance Income	l	59,08,18,506	27,99,44,550
Finance Cost	k	(16,74,49,725)	(5,66,82,062)
Deemed Equity	b	5,60,63,273	-
<b>Total adjustment to equity</b>		<b>47,94,32,054</b>	<b>22,12,62,458</b>
<b>Total equity under Ind AS</b>		<b>58,83,35,563</b>	<b>33,13,58,342</b>
<b>Control Total</b>		<b>-</b>	<b>-</b>





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

	Notes	Year ended March 31, 2016			Control Total
		(Latest period presented under previous GAAP)			
		Previous GAAP (IGAAP)	Effect of transition to Ind AS	Ind AS	
Revenue from Operations		-	66,22,46,690	66,22,46,690	(23,16,05,185)
Total Income		-	66,22,46,690	66,22,46,690	(23,16,05,185)
Expenses					
Construction costs		-	35,13,72,734	35,13,72,734	(14,84,72,231)
Finance costs	f, g	-	10,65,23,677	10,65,23,677	(8,25,70,517)
Other expenses		11,92,376	-	11,92,376	(88,936)
Total expenses		11,92,376	45,78,96,411	45,90,88,787	(23,12,99,294)
Add: Share of profit/(loss) of associates		-	-	-	-
Add: Share of profit/(loss) of joint ventures		-	-	-	-
Profit before exceptional items and tax		(11,92,376)	20,43,50,279	20,31,57,903	(3,05,892)
Add: Exceptional items		-	-	-	-
Profit before tax		(11,92,376)	20,43,50,279	20,31,57,903	(3,05,892)
Less: Tax expense					
(1) Current tax		-	-	-	(4,34,22,429)
(2) Deferred tax	d, g, m, n	-	-	-	(4,34,22,429)
Profit for the period from continuing operations (I)		(11,92,376)	20,43,50,279	20,31,57,903	4,31,16,537
Profit from discontinued operations (after tax) (II)		-	-	-	-
Share of minority interests (III)		-	-	-	-
Profit for the period (IV=I+II-III)		(11,92,376)	20,43,50,279	20,31,57,903	4,31,16,537
Other Comprehensive Income		-	-	-	-
Total comprehensive income for the period (IV+V)		(11,92,376)	20,43,50,279	20,31,57,903	4,31,16,537

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)
Profit as per previous GAAP (SCA)		(11,92,376)
Adjustments:		
Finance income	f	31,06,73,956
Finance Cost	g	(10,65,23,677)
Total adjustments		20,43,50,279
Total comprehensive income under Ind AS		20,31,57,903
Control Total		-

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

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

	Notes	Year ended March 31, 2016			Control Total
		(Latest period presented under previous GAAP)			
		Previous GAAP (SCA)	Effect of transition to Ind AS	Ind AS	
Net cash flows from operating activities		(26,77,69,428)	(35,39,98,402)	(64,17,67,830)	(89,59,18,096)
Net cash flows from investing activities		(71,24,85,967)	36,03,87,262	(35,20,98,705)	14,41,63,700
Net cash flows from financing activities		98,17,50,000	(63,86,861)	97,53,61,139	68,99,43,428
Net increase (decrease) in cash and cash equivalents		(1,85,05,395)	(0)	(1,85,05,395)	(6,18,10,970)
Cash and cash equivalents at the beginning of the period		2,78,96,979	-	2,78,96,979	1,85,05,395
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-	-	-
Cash and cash equivalents at the end of the period		93,91,584	(0)	93,91,583	(4,33,05,575)

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

	Notes	As at March 31, 2016	As at April 1, 2015
		(End of last period presented under previous GAAP)	(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)		93,91,584	2,78,96,979
Bank overdrafts which form an integral part of cash management system		-	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS		93,91,584	2,78,96,979
Control Total		-	-







SRINAGAR SONAMARG TUNNELWAY LIMITED  
Notes forming part of the Financial Statements for the year ended March 31, 2017

Statement of changes in equity for the year ended March 31, 2017		
a. Equity share capital	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Balance as at the beginning of the year	11,58,38,230	11,58,38,230
Changes in equity share capital during the year - Share capital issued	-	-
Balance as at end of the year	11,58,38,230	11,58,38,230

March 2017

Statement of changes in equity for the year ended March 31, 2017						
b. Other equity	Reserves and surplus			Attributable to owners of the parent	Non- controlling Interests	Total
	Deemed Equity	Retained earnings	Total			
Balance as at April 1, 2016	5,38,19,317	41,86,78,016	41,86,78,016	31,07,96,537	-	31,07,96,537
Profit for the year	1,06,27,812	16,00,41,366	16,00,41,366	17,06,69,178	-	17,06,69,178
<b>Total comprehensive income for the year</b>	<b>1,06,27,812</b>	<b>16,00,41,366</b>	<b>16,00,41,366</b>	<b>17,06,69,178</b>	-	<b>17,06,69,178</b>
Income tax relating to transactions with owners	-	1,81,66,514	1,81,66,514	1,81,66,514	-	1,81,66,514
Balance as at March 31, 2017	<b>6,44,47,129</b>	<b>56,05,62,868</b>	<b>56,05,62,868</b>	<b>46,32,99,202</b>	-	<b>46,32,99,202</b>

March 2016

Statement of changes in equity for the year ended March 31, 2016						
b. Other equity	Reserves and surplus			Attributable to owners of the parent	Non- controlling Interests	Total
	Deemed Equity	Retained earnings	Total			
Balance as at April 1, 2015	-	21,55,20,112	21,55,20,112	-	-	-
Profit for the year	5,38,19,317	20,31,57,903	25,69,77,220	31,07,96,537	-	31,07,96,537
<b>Total comprehensive income for the year</b>	<b>5,38,19,317</b>	<b>20,31,57,903</b>	<b>25,69,77,220</b>	<b>31,07,96,537</b>	-	<b>31,07,96,537</b>
Income tax relating to transactions with owners	-	-	-	-	-	-
Balance as at March 31, 2016	<b>5,38,19,317</b>	<b>41,86,78,016</b>	<b>47,24,97,333</b>	<b>31,07,96,537</b>	-	<b>31,07,96,537</b>





## Srinagar Sonmarg Tunnelway Limited General Information & Significant Accounting Policies

### Note No-1

#### 1. General information

The company was incorporated under the Companies Act 1956 on April 2, 2013. Srinagar Sonmarg Tunnelway Limited ("SSTL") a Special Purpose Vehicle ("SPV") promoted by IL&FS Transportation Networks Limited (ITNL), has been awarded the project involving development and operation involving 2-laning tunnel of the Srinagar Sonmarg Ghumri Road of NH-1, under a design, build, finance, operate & transfer ("DBFOT") (Annuity) basis (the "Project") was issued Letter of Award No. 24552/DGBR/BCN/A-Morh/160/E8 on March 12, 2013 and the concession period of the Project is 20 years from the appointed date.

### Note No-2

#### 2. Significant accounting policies

##### 2.1 Statement of compliance

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

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

##### 2.2 Basis of preparation and presentation

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

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

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

The principal accounting policies are set out below.

#### **Use of estimates**

The preparation of financial statements requires by the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of





an item or information in the financial statements have been made relying on these estimates to a greater extent.

### **2.3 Fair value measurement**

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.





This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 34, 46, 48) Contingent consideration (note 36)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (discontinued operations) (note 21)
- Property, plant and equipment under revaluation model (note 3)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 7, 14, 15, 20, 45, 46, 47, 48)
- Non-cash distribution (note 13)

#### **2.4 Non-current assets held for sale**

Non-current assets and disposal companies are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal company) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Company losing significant influence over the associate or joint venture.

After the disposal takes place, the Company accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal companies) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### **Note No-3**

##### **3.1 Accounting for rights under service concession arrangements and revenue recognition**

###### **i. Recognition and measurement**

The Company builds, operates and maintains infrastructure assets under public-to-private Service Concession Arrangements (SCAs), which is an arrangement between the "grantor" (a public sector entity/authority) and the "operator" (a private sector entity) to provide services that give the public access to







major economic and social facilities utilizing private-sector funds and expertise. The infrastructures accounted for by the Company as concessions are mainly related to the activities concerning roads, tunnels, check posts, railways and other infrastructure facilities.

Concession contracts are public-private agreements for periods specified in the SCAs including the construction, upgradation, restoration of infrastructure and future services associated with the operation and maintenance of assets in the concession period. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.9.iii.

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

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

When the demand risk to the extent that the Company has a right to charge the user of infrastructure facility, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration for construction services at its fair value, as an intangible asset. The Company accounts for such intangible asset (along with the present value of committed payments towards concession arrangement to the grantor at the appointed date e.g Negative Grant, premium etc) in accordance with the provisions of Ind AS 38 and is amortized based on projected traffic count or revenue, as detailed in Note 2.29.vi, taking into account the estimated period of commercial operation of infrastructure which generally coincides with the concession period. Intangible asset is capitalized when the project is complete in all respects and when the Company receives the final completion certification from the grantor as specified in the Concession Agreement and not on completion of component basis as the intended purpose and economics of the project is to have the complete length of the infrastructure available for use However, where there is other than temporary delay due to reasons beyond the control of the Company, the management may treat constructed portion of the infrastructure as a completed project.

When the concession arrangement has a contractual right to receive cash from the grantor specifically towards the concession arrangement and also the right to charge users for the public services, these are considered as two separate assets (components) – financial asset component based on the guaranteed amount and an intangible asset for the remainder.

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

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition during the concession period and/or at the time of hand over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of concession arrangements under intangible asset model, the timing and amount of such cost are estimated and recognised on a discounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts. In case of concession arrangements under financial asset model, such costs are recognised in the period in which such costs are actually incurred.





iii. **Revenue recognition**

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

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

Revenue for concession arrangements under intangible asset model is recognized in the period of collection of toll which generally coincides with the usage of public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

iv. **Revenue from construction contracts**

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

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

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

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

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

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

v. **Borrowing cost related to SCAs**

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

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

vi. **Amortisation of intangible asset under SCA**





The intangible rights relating to infrastructure assets, which are recognised in the form of right to charge users of the infrastructure asset are amortized by taking proportionate of actual traffic count for the period over total projected traffic count from project to cost of intangible assets; i.e. proportionate of actual traffic for the period over total projected traffic count from the intangible assets expected to be earned over the balance concession period as estimated by the management. However, with respect to toll road assets constructed and in operation as at March 31, 2016, the amortization of such intangible rights are based on actual revenue earned compared to total projected revenue from the project over the balance concession period to cost intangible assets, instead of traffic count.

Total projected revenue / traffic count is reviewed at the end of each financial year and is adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

#### vii. Claims

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

### 3.2 Borrowing costs

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

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

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

### 3.3 Taxation

#### Current tax

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

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

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





### **3.4 Property, plant and equipment**

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

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

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

All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013 other than assets specified in para below

Following assets are depreciated over a useful life other than the life prescribed under Schedule II of the Companies Act, 2013 based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.:

<b>Asset</b>	<b>Useful life based on SLM</b>
Data Processing Equipment (Server & Networking)	4
Mobile Phones and I pad / Tablets	Fully depreciated in the year of purchase
Specialised office equipment's	3
Vehicles	5
Assets provided to employees	3

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

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

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

### **3.5 Intangible assets (other than those covered by SCAs)**

Intangible assets, other than those covered by SCAs, comprise of software and amounts paid for acquisition of commercial rights under an "Operation and Maintenance" agreement for a toll road project and are depreciated as follow:

<b>Asset Type</b>	<b>Useful Life</b>
Licensed Software	Over the licence period
Intellectual Property Rights	5 - 7 years
Commercial Rights acquired under Operations and Maintenance Agreement	The minimum balance period of the concession agreement relating







	to the corresponding toll road project
--	--

Intangible assets are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any.

Acquired intangible assets are reported separately from goodwill if they fulfil the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner.

An impairment test of such intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the [] Statement of Profit and Loss.

Intangible assets, other than those covered by SCAs, are amortised on a "straight line" basis over their estimated useful lives. The estimated useful life of software is four years. The amount paid for acquisition of the rights under the "Operations and Maintenance" agreement is amortised over the minimum balance period (as at the time of acquisition) of the concession agreement relating to the corresponding toll road project.

### **3.6 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.

### **3.7 Financial assets**

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

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

#### **3.7.1 Classification of financial assets – debt instruments**

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

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

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





### **3.7.2 Amortised cost and Effective interest method**

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

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

### **3.7.3 Reclassification of financial assets**

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

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

The rate considered for recognizing Finance Income (EIR) and fair valuation of the Receivable under SCA will be finalised on achievement of PCOD / CoD for the Project. Thereafter this rate will remain constant during the balance concession period.

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.

### **3.8 Financial liabilities and equity instruments-**

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

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





### **3.8.1 Classification as debt or equity**

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

### **3.8.2 Financial liabilities**

All financial liabilities are subsequently measured at 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.

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

### **3.9 Cash and cash equivalents**

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

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

### **3.10 Provisions**

Provisions are 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. When the Company expects some or all of a provision to be reimbursed,

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 period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

#### **Note No-4**

#### **4.1 First-time adoption optional exemptions**





#### **4.1.1 Overall principle**

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

#### **4.1.2 Derecognition of financial assets and financial liabilities**

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

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

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

#### **4.1.4 Classification of debt instruments**

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

#### **4.1.5 Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially 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.

#### **4.1.6 Assessment of embedded derivatives**

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

#### **4.1.7 Past business combinations**

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

Consequently,

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







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

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

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

#### **4.1.8 Deemed cost for property, plant and equipment, investment properties, and intangible assets (other than assets under SCAs)**

For other than SCA assets, the Company has elected to continue with the carrying value of all of its plant and equipment, investment properties, and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **4.1.8A. Deemed cost for intangible assets under SCAs**

For intangible assets under SCA, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP\* and use that carrying value as its deemed cost as of the transition date, as per the provisions of para D7AA of Ind AS 101.

In accordance with the above, it may be noted that when the Company opts for deemed cost exemption under paragraph D7AA of Ind AS 101 then no adjustments to be made to the carrying amount of Intangible assets. Thus, having availed the exemption provided in paragraph D7AA, the Company will be carrying forward the previous GAAP\* carrying amount for its Intangible assets.

\*Previous GAAP refers to the financial statements prepared in accordance with Indian GAAP and principles outlined in the exposure draft on the guidance note on accounting for SCA for public to private SCA, issued by ICAI.

#### **4.1.9 Amortisation method of Intangible assets under Service Concession Arrangement**

For all intangible road assets capitalized upto March 31, 2016, the Company has elected to continue the previous GAAP method of amortizing the intangible asset.





**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**5. Other financial assets**

**5. Other financial assets - Non current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Receivable under service concession arrangements	4,35,66,73,656	3,46,28,21,781	2,80,05,75,091
<b>Total</b>	<b>4,35,66,73,656</b>	<b>3,46,28,21,781</b>	<b>2,80,05,75,091</b>

**6. Cash and cash equivalents**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks	5,26,94,600	93,89,165	2,78,96,607
Cheques, drafts on hand	-	-	-
Cash on hand	2,559	2,419	372
Others	-	-	-
<b>Cash and cash equivalents</b>	<b>5,26,97,159</b>	<b>93,91,584</b>	<b>2,78,96,979</b>

**7. Other assets**

**7A. Other assets - Non Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	-	-	-
Advances to related parties	77,57,50,000	77,57,50,000	-
<b>Total</b>	<b>77,57,50,000</b>	<b>77,57,50,000</b>	<b>-</b>

**7B. Other assets - Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
-Prepaid expenses	12,96,40,306	11,44,03,501	-
-Unamortised borrowing cost	62,30,44,199	47,61,45,699	33,82,03,600
<b>Total</b>	<b>75,26,84,505</b>	<b>59,05,49,200</b>	<b>33,82,03,600</b>

**8. Construction contracts disclosures**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Contracts in progress at the end of the reporting period</b>			
Cumulative revenue recognised	3,37,18,48,240	2,87,20,03,275	-
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
Contract revenue recognised as revenue during the period	35,13,72,734	90,12,70,541	1,61,93,60,000





9. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital	11,58,38,230	11,58,38,230	11,58,38,230
<b>Total</b>	<b>11,58,38,230</b>	<b>11,58,38,230</b>	<b>11,58,38,230</b>

<b>Authorised Share capital :</b>			
115,83,823 equity shares of Rs. 10 each	11,58,38,230	11,58,38,230	11,58,38,230
<b>Issued and subscribed capital comprises:</b>			
115,83,823 fully paid equity shares of Rs. 10 each (as at March 31, 2016: 115838230; as at April 1, 2015: 115838230)	11,58,38,230	11,58,38,230	11,58,38,230
	<b>11,58,38,230</b>	<b>11,58,38,230</b>	<b>11,58,38,230</b>

9.1 Movement during the period

Particulars	For the Year ended March 31, 2017		For the Year ended March 31, 2016		For the Year ended April 1, 2015	
	Number of shares	Share capital (Amount)	Number of shares	Share capital (Amount)	Number of shares	Share capital (Amount)
Balance at the start of the period	1,15,83,823	11,58,38,230	1,15,83,823	11,58,38,230	1,15,83,823	11,58,38,230
Movements [describe]		-		-		-
Balance at the end of the period	1,15,83,823	11,58,38,230	1,15,83,823	11,58,38,230	1,15,83,823	11,58,38,230

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

10. Other Equity (excluding non-controlling interests)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	For April 1, 2015
<u>Retained earnings and Dividend on equity instruments ( Note 6)</u>			
Balance at beginning of period	41,86,78,016	21,55,20,112	-
Profit attributable to owners of the Company	16,00,41,366	20,31,57,903	21,55,20,112
Related income tax	(1,81,66,514)	-	-
<b>Balance at end of the period</b>	<b>56,05,52,868</b>	<b>41,86,78,016</b>	<b>21,55,20,112</b>
<u>Deemed Equity</u>			
Balance at beginning of the period	5,38,19,317	-	-
Movements [describe]	1,06,27,812	5,38,19,317	-
<b>Balance at end of the period</b>	<b>6,44,47,129</b>	<b>5,38,19,317</b>	<b>-</b>
<b>Total</b>	<b>62,49,99,997</b>	<b>47,24,97,333</b>	<b>21,55,20,112</b>





**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**11. Non-current Borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured – at amortised cost</b>			
(i) Loans from related parties	1,17,60,07,231	89,56,86,727	-
<b>Total Non-current borrowings</b>	<b>1,17,60,07,231</b>	<b>89,56,86,727</b>	-

**12. Other financial liabilities - Non Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Interest accrued	32,61,64,961	15,07,04,738	5,28,13,878
<b>Total</b>	<b>32,61,64,961</b>	<b>15,07,04,738</b>	<b>5,28,13,878</b>

**13. Other current liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Others			
-Statutory dues	63,20,805	16,16,972	-
-Expenses Payable	3,03,16,630	2,63,999	1,79,129
<b>Total</b>	<b>3,66,37,435</b>	<b>18,80,971</b>	<b>1,79,129</b>

**14. Current Borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured - at amortised cost</b>			
(a) Loans from related parties	53,50,00,000	53,50,00,000	50,50,00,000
<b>Total</b>	<b>53,50,00,000</b>	<b>53,50,00,000</b>	<b>50,50,00,000</b>

(i) Amounts repayable to related parties of the Company. Interest of 13.10% - 13.65% per annum is charged on the outstanding loan balances (as at March 31, 2016: 13.10% per annum; as at April 1, 2015: 13.35% per annum).

**15. Trade payables - Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	3,06,15,68,523	2,66,69,04,566	2,27,73,24,320
<b>Total</b>	<b>3,06,15,68,523</b>	<b>2,66,69,04,566</b>	<b>2,27,73,24,320</b>

**16. Current tax assets and liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current tax liabilities</b>			
MAT payable	6,15,88,943	-	-
	<b>6,15,88,943</b>	-	-







**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**17. Revenue from operations**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Construction Revenue	49,98,44,965	35,13,72,734
(b) Finance income	39,40,06,911	31,08,73,956
<b>Total</b>	<b>89,38,51,876</b>	<b>66,22,46,690</b>

**18. Cost of material consumed & Construction Cost**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Construction Contract cost	49,98,44,965	35,13,72,734
<b>Total</b>	<b>49,98,44,965</b>	<b>35,13,72,734</b>

**19. Employee benefits expense**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Wages	1,67,610	
<b>Total</b>	<b>1,67,610</b>	<b>-</b>

**20. Finance costs**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Continuing operations</b>		
(a) Interest costs :-		
Interest on loans from related parties	18,90,94,193	10,65,23,677
<b>Total</b>	<b>18,90,94,193</b>	<b>10,65,23,677</b>

The weighted average capitalisation rate on funds borrowed generally is 12.13% per annum (2015-2016: 12.34% per annum).

**21. Other expenses**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Travelling and conveyance	18,277	-
Legal and consultation fees	3,08,126	1,79,275
Rates and taxes	14,100	78,436
Directors Fees	3,55,900	3,61,202
Bank Commission	2,875	424
Auditors remuneration	5,81,994	5,58,250
Miscellaneous expenses	40	14,789
<b>Total</b>	<b>12,81,312</b>	<b>11,92,376</b>

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Payments to auditors</b>		
a) For audit (Excluding service tax)	3,25,000	1,14,500
d) For other services (Including service tax)	2,46,975	4,24,452
e) For reimbursement of expenses (Including service tax)	10,019	19,298
<b>Total</b>	<b>5,81,994</b>	<b>5,58,250</b>

**22. Income taxes relating to continuing operations**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Current tax</b>		
In respect of the current period	4,34,22,429	-
	4,34,22,429	-
<b>Total income tax expense recognised in the current period relating to continuing operations</b>	<b>4,34,22,429</b>	<b>-</b>





**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**23. Earnings per share**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>From Continuing operations</b>	<b>Rs. per share</b>	<b>Rs. per share</b>
Basic earnings per share	13.82	17.54
Diluted earnings per share	13.82	17.54

**23.1 Basic Earnings per share**

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the period attributable to owners of the Company (A)	16,00,41,366	20,31,57,903.39
Weighted average number of equity shares for the purposes of basic earnings per share (B)	1,15,83,823	1,15,83,823
<b>Basic Earnings per share (A/B)</b>	<b>13.82</b>	<b>17.54</b>

**23.2 Diluted earnings per share**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Earnings used in the calculation of basic earnings per share	16,00,41,366	20,31,57,903
Adjustments (describe)		
<b>Earnings used in the calculation of diluted earnings per share (A)</b>	<b>16,00,41,366</b>	<b>20,31,57,903</b>
Weighted average number of equity shares used in the calculation of basic earnings per share	1,15,83,823	1,15,83,823
Adjustments [describe]		
<b>Weighted average number of equity shares used in the calculation of diluted earnings per share (B)</b>	<b>1,15,83,823</b>	<b>1,15,83,823</b>
<b>Diluted earnings per share (A/B)</b>	<b>13.82</b>	<b>17.54</b>





## 24. Financial instruments

### 24.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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

#### 45.1.1 Gearing ratio

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt (i)	1,71,10,07,231	1,43,06,86,727	50,50,00,000
Cash and bank balances	5,26,97,159	93,91,584	2,78,96,979
Net debt	1,65,83,10,072	1,42,12,95,143	47,71,03,021
Equity (ii)	74,08,38,227	58,83,35,563	33,13,58,342
Net debt to equity ratio	2.24	2.42	1.44

(a) Debt is defined as long-term, current maturity of long term and short term borrowings

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

### 24.2 Categories of financial instruments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial assets</b>			
Cash and bank balances	5,26,97,159	93,91,584	2,78,96,979
Financial Assets	4,35,66,73,656	3,46,28,21,781	3,46,28,21,781
<b>Total</b>	<b>4,40,93,70,815</b>	<b>3,47,22,13,364</b>	<b>3,49,07,18,759</b>
<b>Financial liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	1,71,10,07,231	1,43,06,86,727	50,50,00,000
(ii) Other financial liabilities	32,61,64,961	15,07,04,738	5,28,13,878
(iii) Trade payables	3,06,15,68,523	2,66,69,04,566	2,27,73,24,320

### 24.3 Financial risk management objectives

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

#### 24.4 Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

#### 24.5 Interest rate risk management

The company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

#### 24.5.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings 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 and represents management's assessment of the reasonably possible change in interest rates. For fixed rate liabilities, sensitivity analysis is not required

#### 24.6 Credit risk management

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





SRINAGAR SONAMARG TUNNELWAY LIMITED  
Notes forming part of the Financial Statements for the year ended March 31, 2017  
24.7 Liquidity risk management  
24.7.1 Liquidity and interest risk tables

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

Particulars	March 31, 2017		March 31, 2016		April 01, 2015	
	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments	Non-interest bearing	Fixed interest rate instruments
<b>Weighted average effective interest rate (%)</b>						
Less than 1 Year	3,06,15,68,523	56,43,86,866	2,66,69,04,566	56,44,34,579	2,27,73,24,320	53,30,80,661
1-3 Year						
3 Year to 5 year						
5+ years	32,61,64,961	3,53,42,26,783	15,07,04,738	13,55,76,37,199	5,28,13,878	
<b>Total</b>	<b>3,38,77,33,484</b>	<b>4,09,86,13,649</b>	<b>2,81,76,09,304</b>	<b>14,12,20,71,778</b>	<b>2,33,01,38,198</b>	<b>53,30,80,661</b>
<i>Carrying amount</i>	<i>3,38,77,33,484</i>	<i>1,71,10,07,231</i>	<i>2,81,76,09,304</i>	<i>1,43,06,86,727</i>	<i>2,33,01,38,198</i>	<i>50,50,00,000</i>

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

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	Non-interest bearing	Non-interest bearing	Non-interest bearing
<b>Weighted average effective interest rate (%)</b>			
Less than 1 Year			
1-3 Year			
3 Year to 5 year	4,35,66,73,656	3,46,28,21,781	3,46,28,21,781
5+ years			
<b>Total</b>	<b>4,35,66,73,656</b>	<b>3,46,28,21,781</b>	<b>3,46,28,21,781</b>
<i>Carrying amount</i>	<i>4,35,66,73,656</i>	<i>3,46,28,21,781</i>	<i>3,46,28,21,781</i>







**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**25. Specified Bank Notes (SBN) held and transacted**

during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3,000	1,419	4,419
(+) Permitted receipts	-	-	-
(+) Cash Withdarwal from bank	-	8,000	8,000
(-) Permitted payments	-	6,360	6,360
(-) Amount deposited	3,000	-	3,000
Closing cash in hand as on 30.12.2016	-	3,059	3,059





**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**26. Related Party Disclosures****As at March 31, 2017**

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

<b>Nature of Relationship</b>	<b>Name of Entity</b>	<b>Abbreviation used</b>
Jointly Controlled Entities Direct	IL&FS Transportation Networks Limited SOMA Enterprises Limited	ITNL SOMA
Key Management Personnel ("KMP")	Krishna Ghag Suresh Chand Mittal Ashish More Hiral Parikh Goutam Mukherjee Rupak Ghosh	Director Managing Director Chief Finance Officer Company Secretary Independent Director Independent Director

**As at March 31, 2016**

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

<b>Nature of Relationship</b>	<b>Name of Entity</b>	<b>Abbreviation used</b>
Jointly Controlled Entities Direct	IL&FS Transportation Networks Limited SOMA Enterprises Limited	ITNL SOMA
Key Management Personnel ("KMP")	Krishna Ghag Suresh Chand Mittal Ashish More	Director Managing Director Chief Finance Officer

**As at March 31, 2015**

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

<b>Nature of Relationship</b>	<b>Name of Entity</b>	<b>Abbreviation used</b>
Jointly Controlled Entities Direct	IL&FS Transportation Networks Limited SOMA Enterprises Limited	ITNL SOMA
Key Management Personnel ("KMP")	Krishna Ghag Suresh Chand Mittal Ashish More	Director Managing Director Chief Finance Officer





**SRINAGAR SONAMARG TUNNELWAY LIMITED**

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

**Related Party Disclosures (contd.)**

Year ended March 31, 2017

**(b) transactions/ balances with above mentioned related parties**

Particulars	Company's Name	Joint Arrangements	Key Management personnel and relatives	Total
<b>Balance</b>				
Share Capital	ITNL	5,67,60,730		5,67,60,730
Short Term Loan	ITNL	53,50,00,000		53,50,00,000
Interest on Short Term loan	ITNL	18,09,49,796		18,09,49,796
Subordinate Debt	ITNL	1,24,67,50,000		1,24,67,50,000
Interest on Subordinate Debt	ITNL	14,52,15,165		14,52,15,165
Trade payables	ITNL	3,06,15,68,523		3,06,15,68,523
Performance Guarantee	ITNL	1,34,02,00,000		1,34,02,00,000
Share Capital	SOMA	5,90,77,500		5,90,77,500
<b>Transactions</b>				
Construction Cost	ITNL	40,38,74,764		40,38,74,764
Subordinate Debt	ITNL	29,50,00,000		29,50,00,000
Interest on Subordinate Debt	ITNL	12,12,78,383		12,12,78,383
Interest on Short Term loan	ITNL	7,18,67,495		7,18,67,495
Directors remuneration	Krishna Ghag		40,000	40,000
Directors remuneration	Suresh C. Mittal		70,000	70,000
Directors remuneration	Goutam Mukherjee		1,00,000	1,00,000
Directors remuneration	Rupak Ghosh		1,00,000	1,00,000
Salary	Hiral Parekh		1,67,610	1,67,610
				-

Year ended March 31, 2016

**(b) transactions/ balances with above mentioned related parties**

Particulars	Company's Name	Joint Arrangements	Key Management personnel and relatives	Total
<b>Balance</b>				
Share Capital	ITNL	5,67,60,730		5,67,60,730
Short Term Loan	ITNL	53,50,00,000		53,50,00,000
Interest on Short Term loan	ITNL	11,56,73,588		11,56,73,588
Subordinate Debt	ITNL	95,17,50,000		95,17,50,000
Interest on Subordinate Debt	ITNL	3,50,31,150		3,50,31,150
Trade payables	ITNL	2,66,69,04,565		2,66,69,04,565
Mobilisation Advance paid	ITNL	77,57,50,000		77,57,50,000
Performance Guarantee	ITNL	1,34,02,00,000		1,34,02,00,000
Share Capital	SOMA	5,90,77,500		5,90,77,500
<b>Transactions</b>				
Project Development Fees	ITNL	34,20,00,000		34,20,00,000
Mobilisation Advance Paid	ITNL	77,57,50,000		77,57,50,000
Short Term Loan taken	ITNL	3,00,00,000		3,00,00,000
Subordinate Debt	ITNL	95,17,50,000		95,17,50,000
Interest on Subordinate Debt	ITNL	3,89,23,500		3,89,23,500
Interest on Short Term loan	ITNL	6,98,44,133		6,98,44,133
Directors remuneration	Krishna Ghag	-	30,000	30,000
Directors remuneration	Suresh C Mittal	-	90,000	90,000





Year ended March 31, 2015

(b) transactions/ balances with above mentioned related parties (mentioned in note \_\_\_ above)

Particulars	Company's Name	Joint Arrangements	Key Management personnel and relatives	Total
<b>Balance</b>				
Share Capital	ITNL	5,67,60,730		5,67,60,730
Short Term Loan	ITNL	50,50,00,000		50,50,00,000
Interest on Short Term loan	ITNL	5,28,13,878		5,28,13,878
Trade payables	ITNL	2,27,73,24,320		2,27,73,24,320
Performance Guarantee	ITNL	1,34,02,00,000		1,34,02,00,000
Share Capital	SOMA	5,90,77,500		5,90,77,500
				-
<b>Transactions</b>				
Share Capital	ITNL	5,67,60,730		5,67,60,730
Project Development Fees	ITNL	90,00,00,000		90,00,00,000
Short Term Loan	ITNL	35,25,00,000		35,25,00,000
Interest on Short Term loan	ITNL	4,90,90,146		4,90,90,146
Share Capital	SOMA	5,90,77,500		5,90,77,500
				-

