

FAGNE SONGADH EXPRESSWAY LIMITED

FINANCIAL STATEMENTS

2016-2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FAGNE SONGADH EXPRESSWAY LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of FAGNE SONGADH EXPRESSWAY 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.



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

Manju Agrawal

Manju Agrawal
(Partner)
(M No. 083878)

Place:
Date:

Annexure to the Independent Auditor's Report of FAGNE SONGADH EXPRESSWAY LIMITED for the Year ended as on 31st March 2017

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

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification
c) The company has no immovable property as at 31.03.2017.
- 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 31st 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 made preferential allotment of shares during the year under review and complied with the requirement of section 42 of the Act.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

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



Place:
Date:


Manju Agrawal
(Partner)
(M No. 083878)

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 **FAGNE SONGADH EXPRESSWAY 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
(Partner)
(M No. 083878)

FAGNE SONGADH EXPRESSWAY LIMITED
Balance sheet as at March 31, 2017

Particulars	Notes	As at	
		March 31, 2017	March 31, 2016
ASSETS			
Non-current Assets			
(a) Intangible assets			
(i) Intangible assets under development	5	3,65,60,34,648	1,31,29,50,000
(b) Other non-current assets	7	12,05,025	-
Total Non-current Assets		3,65,72,39,673	1,31,29,50,000
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	6	35,81,291	43,63,804
Total Current Assets		35,81,291	43,63,804
Total Assets		3,66,08,20,964	1,31,73,13,804
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	14,15,00,000	8,55,00,000
(b) Other Equity	9	29,02,34,756	(53,82,371)
Equity attributable to owners of the Company		43,17,34,756	8,01,17,629
Total Equity		43,17,34,756	8,01,17,629
LIABILITIES			
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	13	3,10,62,75,553	1,19,81,74,675
(ii) Other financial liabilities	10	80,250	-
(b) Provisions	11	21,97,242	-
(c) Current tax liabilities (Net)	14	8,02,06,850	-
(d) Other current liabilities	12	4,03,26,313	3,90,21,500
		3,22,90,86,208	1,23,71,96,175
Total Current Liabilities		3,22,90,86,208	1,23,71,96,175
Total Liabilities		3,22,90,86,208	1,23,71,96,175
Total Equity and Liabilities		3,66,08,20,964	1,31,73,13,804

Notes 1 to 25 forms part of the special purpose financial statements.


In terms of our report attached.
For Gianender & Associates
Chartered Accountants



Manju Agrawal
Partner
Membership No. - 083878



For and on behalf of the Board


Mr. Kazim R. Khan
Director
Din No. 05188955


Mr. Subhash C Sachdeva
Director
Din No. 00051945


Ms. Roshni Chpura
Chief Financial Officer
Place : Mumbai
Date:


Mr. Sreelal Kummasseri
Manager

Place : Mumbai
Date:

FAGNE SONGADH EXPRESSWAY LIMITED
Statement of profit and loss for the year ended March 31, 2017

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	15	2,34,30,84,648	1,31,29,50,000
Total Income		2,34,30,84,648	1,31,29,50,000
Expenses			
Construction Costs	16	1,96,60,04,841	1,31,29,50,000
Other expenses	17	12,55,830	53,82,371
Total expenses		1,96,72,60,671	1,31,83,32,371
Profit before tax		37,58,23,977	(53,82,371)
Less: Tax expense	18		
(1) Current tax		8,02,06,850	-
(2) Deferred tax		-	-
Profit for the year (I)		29,56,17,127	(53,82,371)
Other Comprehensive Income		-	-
Total other comprehensive Income (II)		-	-
Total comprehensive income for the year (III) = (I) + (II)		29,56,17,127	(53,82,371.00)
Profit for the year attributable to:			
- Owners of the Company		29,56,17,127	(53,82,371)
- Non-controlling interests		-	-
		29,56,17,127	(53,82,371)
Earnings per equity share (for continuing operation):	19		
(1) Basic (in Rs.)		23.39	(0.63)
(2) Diluted (in Rs.)		23.39	(0.63)

Notes 1 to 25 forms part of the special purpose financial statements.

In terms of our report attached.
For Gianender & Associates
Chartered Accountants



Manju Aglawal
Partner

Membership No. - 083878



For and on behalf of the Board


Mr. Kazim R. Khan
Director
DIn No. 05188955


Mr. Subhash C Sachdeva
Director
Din No. 00051945


Ms. Roshni Chpora
Chief Financial Officer
Place : Mumbai
Date:


Mr. Sreelal Kummasseri
Manager

Place : Mumbai
Date:

FAGNE SONGADH EXPRESSWAY LIMITED
Statement of cash flows for the year ended March 31, 2017

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	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities			
Profit for the year		29,56,17,127	(53,82,371)
Adjustments for:			
Income tax expense recognised in profit or loss		8,02,06,850	-
Construction Income		(2,34,30,84,648)	(1,31,29,50,000)
		(1,96,72,60,671)	(1,31,83,32,371)
Movements in working capital:			
Increase in other assets & loans and advances (current and non current)		(12,05,025)	-
Increase / Decrease in liabilities (current and non current)		13,85,063	3,90,21,500
Increase/ (Decrease) in trade and other payables		1,90,81,00,878	1,19,81,74,675
Increase/(Decrease) in provisions		21,97,242	-
		1,91,04,78,158	1,23,71,96,175
Cash generated from operations		(5,67,82,513)	(8,11,36,196)
Income taxes (paid)/ Refund received			
Net cash generated by operating activities		(5,67,82,513)	(8,11,36,196)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		5,60,00,000	8,55,00,000
Net (used in)/ generated in financing activities		5,60,00,000	8,55,00,000
Net increase/ (decrease) in cash and cash equivalents		(7,82,513)	43,63,804
Cash and cash equivalents at the beginning of the year		43,63,804	-
Cash and cash equivalents at the end of the year		35,81,291	43,63,804

Notes 1 to 25 forms part of the special purpose financial statements.

In terms of our report attached.
For Gianender & Associates
Chartered Accountants



Manju Agrawal
Partner
Membership No. - 083878



Place : Mumbai
Date:

For and on behalf of the Board


Mr. Kazim R. Khan
Director
Din No. 05188955


Mr. Subhash C Sachdeva
Director
Din No. 00051945


Ms. Roшни Chpora
Chief Financial Officer
Place : Mumbai
Date:


Mr. Sreelal Kummasseri
Manager

FAGNE SONGADH EXPRESSWAY LIMITED

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

Ind AS 101 reconciliations

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

	Notes	As at March 31, 2016		
		(End of last period presented under previous GAAP)		
		Previous GAAP (SCA)	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets				
(a) Intangible assets				
(i) Intangible assets under development		1,31,29,50,000		1,31,29,50,000
Total non-current assets		1,31,29,50,000	-	1,31,29,50,000
Current assets				
(a) Financial assets				
(i) Cash and cash equivalents		43,63,804		43,63,804
Total current assets		43,63,804	-	43,63,804
Total Assets		1,31,73,13,804	-	1,31,73,13,804
Equity				
(a) Equity share capital		8,55,00,000		8,55,00,000
(b) Other Equity		(53,82,371)		(53,82,371)
Equity attributable to owners of the Company		8,01,17,629	-	8,01,17,629
Total equity		8,01,17,629	-	8,01,17,629
Current liabilities				
Financial liabilities				
(i) Trade and other payables		-	1,19,81,74,675	1,19,81,74,675
Other current liabilities		3,90,21,500	-	3,90,21,500
		3,90,21,500	1,19,81,74,675	1,23,71,96,175
Total current liabilities		3,90,21,500	1,19,81,74,675	1,23,71,96,175
Total liabilities		3,90,21,500	1,19,81,74,675	1,23,71,96,175
Total equity and liabilities		11,91,39,129	1,19,81,74,675	1,31,73,13,804



Reconciliation of total equity as at March 31, 2016

	Notes	As at March 31, 2016
		(End of last period presented under previous GAAP)
Total equity / shareholders' funds under previous GAAP		8,01,17,629
Adjustments:		
Total adjustment to equity		-
Total equity under Ind AS		8,01,17,629

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

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP (SCA)	Effect of transition to Ind AS	Ind AS
		Revenue from Operations	-	1,31,29,50,000
Other income			-	
Total Income		-	1,31,29,50,000	1,31,29,50,000
Expenses				
Construction costs		-	1,31,29,50,000	1,31,29,50,000
Other expenses		53,82,371		53,82,371
Total expenses		53,82,371	1,31,29,50,000	1,31,83,32,371
Profit before tax		(53,82,371)	-	(53,82,371)
Less: Tax expense				
(1) Current tax				-
(2) Deferred tax				-
Profit for the period		(53,82,371)	-	(53,82,371)

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

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
		Net cash flows from operating activities	1,23,18,13,804	1,31,29,50,000
Net cash flows from investing activities	(1,31,29,50,000)	(1,31,29,50,000)	-	
Net cash flows from financing activities	8,55,00,000		8,55,00,000	
Net increase (decrease) in cash and cash equivalents		43,63,804	-	43,63,804
Cash and cash equivalents at the beginning of the period				-
Cash and cash equivalents at the end of the period		43,63,804	-	43,63,804



FAGNE SONGADH EXPRESSWAY 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	-
Changes in equity share capital during the year - Share capital issued	8,55,00,000 5,60,00,000
Balance as at end of the year	14,15,00,000
	8,55,00,000

March 2017

Statement of changes in equity for the year ended March 31, 2017				
	Reserves and surplus			
	Share application money pending allotment	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2016	-	-	(53,82,371)	(53,82,371)
Profit for the year			29,56,17,127	29,56,17,127
Other comprehensive income for the year, net of income tax			-	-
Total comprehensive income for the year	-	-	29,56,17,127	29,56,17,127
Balance as at March 31, 2017	-	-	29,02,34,756	29,02,34,756

March 2016

Statement of changes in equity for the year ended March 31, 2016				
	Reserves and surplus			
	Share application money pending allotment	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2015			-	-
Profit for the year			(53,82,371)	(53,82,371)
Other comprehensive income for the year, net of income tax			-	-
Total comprehensive income for the year	-	-	(53,82,371)	(53,82,371)
Balance as at March 31, 2016	-	-	(53,82,371)	(53,82,371)



FAGNE SONGADH EXPRESSWAY LIMITED

General Information & Significant Accounting Policies

Note No-1

1. General information

The Company was incorporated under the Companies Act 2013 on August 25, 2015. The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement (CA) on September 08, 2015 with The National Highways Authority of India (NHAI) for Rehabilitation, Strengthening and four Laning of Fagne to Maharashtra / Gujarat Border (Package III) Section of NH-6 in the state of Maharashtra km 510.00 to km 650.794.00 (design length 140.794 Km.) on BOT (TOLL) on Design, Build, Finance, Operate and Transfer (DBFOT basis) in the state of Maharashtra. The Concession Agreement envisages concession for a period of 19 years including construction period of 910 days 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 2.13 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.

2.3 Use of estimates

The preparation of financial statements in conformity with IND AS requires 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.

2.4 Fair value measurement

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

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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



Note No-3

3 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 financial asset model, such costs are recognized in the period in which such costs are actually incurred.

iii. **Revenue recognition**

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

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

iv. **Revenue from construction contracts**

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

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

For the purposes of 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. **Amortization 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 [Project Special Purpose Vehicle ("SPVs") Company for construction or other delays attributable solely to the concession granting authority are recognised when there are a reasonable certainty that there will be inflow of economic benefits to the [concerned Project SPVs] Company. The claims when recognised 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

viii. **Accounting of receivable and payable from / to the grantor (Grants)**

a) Receivable towards the concession arrangement from the grantor

When the arrangement has a contractual right to receive cash or other financial asset from the grantor specifically towards the concession arrangement (in the form of grants) during the construction period or otherwise, such a right, to the extent eligible, is recorded as financial asset in accordance with Ind AS 109 "Financial Instruments," at amortized cost. The receivable so recognized will be adjusted against the related intangible asset (toll) / financial asset (annuity).

For Intangible assets where the / the Company has availed the exemption under D7AA of Ind AS 101, the Financial asset has to be recognized only for all such receivables post April 01, 2015

b) Payable towards the concession arrangement to the grantor

When the arrangement has a contractual obligation to pay cash or other financial asset to the grantor specifically towards the concession arrangement during the construction period or otherwise, such unconditional obligation to pay cash is recorded as a financial liability on the date when the obligation arises in accordance with Ind AS 109 "Financial Instruments," at amortised cost, with a corresponding recognition of an intangible asset. (Refer Note XX) Thereafter, the interest expense is recognized based on the effective interest rate method, which also becomes eligible for capitalization on qualifying assets.

For Intangible assets where the / the Company has availed the exemption under D7AA of Ind AS 101, the Intangible asset has to be recognized only for all such payables post April 01, 2015



3.1 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.

3.2 Taxation

3.2.1 Current tax

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

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

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

3.2.2 Deferred tax

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

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



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

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

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

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

3.3 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

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.

3.4 Impairment of tangible assets

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



cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

3.5 Provisions

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

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

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 Financial assets at FVTPL

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

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

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

3.7.4 Impairment of financial assets

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

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

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime



expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, for trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. In cases where the amounts are expected to be realized upto one year from the due date, loss for the time value of money is not recognized, since the same is not considered to be material.

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

3.8 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.

3.8.1 Derecognition of financial assets

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

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

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



been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.9 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.

3.10 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 financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

3.10.1 Classification as debt or equity

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

3.10.2 Financial liabilities

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

3.10.3 Financial liabilities subsequently measured at amortised cost

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating



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

3.10.4 Derecognition of financial liabilities

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

3.11 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 's cash management.

Note No-4

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 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 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 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 recognized 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.

4.1.7 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.

4.1.8 Determining whether an arrangement contains a lease

The has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

4.1.9 Amortization 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.



4.2 Critical accounting judgments and key sources of estimation uncertainty

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

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

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



FAGNE SONGADH EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

5. Intangible Assets
Current Year

Particulars	Cost			Accumulated depreciation and impairment		Carrying Amount	
	Balance as at April 1, 2016	Additions from internal developments	Others	Balance as at March 31, 2017	Amortisation expense	Balance as at March 31, 2017	As at March 31, 2016
Intangible assets under development	1,31,29,50,000	2,34,30,84,648	-	3,65,60,34,648	-	3,65,60,34,648	1,31,29,50,000
Total	1,31,29,50,000	2,34,30,84,648	-	3,65,60,34,648	-	3,65,60,34,648	1,31,29,50,000

Previous Year

Particulars	Cost			Accumulated depreciation and impairment		Carrying Amount	
	Balance as at April 1, 2015	Additions from internal developments	Others	Balance as at March 31, 2016	Amortisation expense	Balance as at March 31, 2016	As at April 1, 2015
Intangible assets under development	-	1,31,29,50,000	-	1,31,29,50,000	-	1,31,29,50,000	-
Total	-	1,31,29,50,000	-	1,31,29,50,000	-	1,31,29,50,000	-



FAGNE SONGADH EXPRESSWAY LIMITED

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

6. Cash and cash equivalents

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

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with Banks	35,80,943	43,61,758
Cash on hand	348	2,046
Cash and cash equivalents	35,81,291	43,63,804

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

Particulars	As at March 31, 2017	As at March 31, 2016
Others -		
Security Deposit	55,025	-
Prepaid expenses	11,50,000	-
Total	12,05,025	-



FAGNE SONGADH EXPRESSWAY LIMITED

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

8. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016
Equity share capital	14,15,00,000	8,55,00,000
Total	14,15,00,000	8,55,00,000

Authorised Share capital :		
5,00,00,000 equity shares of Rs. 10 each	50,00,00,000	50,00,00,000
Issued and subscribed capital comprises:		
1,41,50,000 fully paid equity shares of Rs. 10 each (as at March 31, 2016: 85,50,000)	14,15,00,000	8,55,00,000
	14,15,00,000	8,55,00,000

8.1 Movement during the period

Particulars	For the Year ended March 31, 2017		For the Year ended March 31, 2016	
	Number of shares	Share capital (Amount)	Number of shares	Share capital (Amount)
Balance at the start of the period	85,50,000	8,55,00,000	-	-
Movements	56,00,000	5,60,00,000	85,50,000	8,55,00,000
Balance at the end of the period	1,41,50,000	14,15,00,000	85,50,000	8,55,00,000

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

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

Particulars	As at March 31, 2017	As at March 31, 2016
IL&FS Transportation Networks Limited & its Nominees, the holding company	1,41,50,000	85,50,000
Total	1,41,50,000	85,50,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<u>Fully paid equity shares</u>				
IL&FS Transportation Networks Limited & its Nominees	1,41,50,000	100.00%	85,50,000	100.00%
Total	1,41,50,000	100.00%	85,50,000	100.00%

9. Other Equity (excluding non-controlling interests)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Retained earnings and Dividend on equity Instruments		
Balance at beginning of period	(53,82,371)	-
Profit attributable to owners of the Company	29,56,17,127	(53,82,371)
Balance at end of the period	29,02,34,756	(53,82,371)
Total	29,02,34,756	(53,82,371)



FAGNE SONGADH EXPRESSWAY LIMITED

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

10. Other financial liabilities - Current

Particulars	As at March 31, 2017	As at March 31, 2016
Others	80,250	-
Total	80,250	-

11. Provisions

Provisions - Current

Particulars	As at March 31, 2017	As at March 31, 2016
Other provisions		
Provision for Expenses	21,97,242	-
Total	21,97,242	-

12. Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Others		
Statutory dues	4,03,26,313	3,90,21,500
Total	4,03,26,313	3,90,21,500

13. Trade payables - Current

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables		
Holding Company	3,07,52,46,265	1,19,79,50,000
Fellow Subsidiary	1,30,27,938	-
Others	1,80,01,350	2,24,675
Total	3,10,62,75,553	1,19,81,74,675

14. Current tax assets and liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Current tax assets	-	-
Current tax liabilities		
Income tax payable	8,02,06,850	-
	8,02,06,850	-



FAGNE SONGADH EXPRESSWAY LIMITED

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

15. Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Construction Revenue	2,34,30,84,648	1,31,29,50,000
Total	2,34,30,84,648	1,31,29,50,000

16. Construction Cost

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Construction cost	1,96,60,04,841	1,31,29,50,000
Total	1,96,60,04,841	1,31,29,50,000

17. Other expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Travelling and conveyance	87,736	-
Legal and consultation fees	3,52,876	62,743
Rates and taxes	67,723	49,75,426
Directors Fees	2,87,200	45,800
Bank Commission	1,725	1,717
Payment to Auditors	4,58,570	2,92,840
Miscellaneous expenses	-	3,845
Total	12,55,830	53,82,371

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Payments to auditors		
a) For audit	1,15,000	1,14,500
b) For other services	3,33,250	1,71,500
c) For reimbursement of expenses	10,320	6,840
Total	4,58,570	2,92,840

18. Income taxes relating to continuing operations

18.1 Income tax recognised in profit or loss

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current period	8,02,06,850	-
In respect of prior period	-	-
	8,02,06,850	-
Deferred tax		
In respect of the current period	-	-
Deferred tax reclassified from equity to profit or loss	-	-
	-	-
Total income tax expense recognised in the current period relating to continuing Operations	8,02,06,850	-



FAGNE SONGADH EXPRESSWAY LIMITED

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

19. Earnings per share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
From Continuing operations	Rs. per share	Rs. per share
Basic earnings per share	23.39	(0.63)
Diluted earnings per share	23.39	(0.63)

19.1 Basic Earnings per share

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the period attributable to owners of the Company (A)	29,56,17,127	(53,82,371)
Weighted average number of equity shares for the purposes of basic earnings per share (B)	1,26,36,575	85,50,000
Basic Earnings per share (A/B)	23.39	(0.63)

19.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Earnings used in the calculation of basic earnings per share	29,56,17,127	(53,82,371)
Adjustments	-	-
Earnings used in the calculation of diluted earnings per share (A)	29,56,17,127	(53,82,371)
Weighted average number of equity shares used in the calculation of basic earnings per share	1,26,36,575	85,50,000
Adjustment	-	-
Weighted average number of equity shares used in the calculation of diluted earnings per share (B)	1,26,36,575	85,50,000
Diluted earnings per share (A/B)	23.39	(0.63)



FAGNE SONGADH EXPRESSWAY LIMITED

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

20 Commitments and Contingent Liabilities

20.1 Commitments for expenditure

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	17,06,77,29,494	19,08,10,50,000
Total	17,06,77,29,494	19,08,10,50,000

20.2 Contingent liabilities

1 Contingent liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Claims against the Company not acknowledged as debt	-	-

21 Segment Reporting

The Company is a special purpose vehicle and is engaged in the business of construction and maintenance of Toll Road in India and thus operates in a single business and geographical segment. As a result, disclosures required under INDAS-108 on 'Operating Segment' have not been given.

22 Details of Specified Bank Notes (SBN's) held and transacted during the period from 8th November 2016 to 30th Dec 2016

Particulars	SBNs		Other denomination notes		Total	
	Denomination	Amount	Denomination	Amount	Denomination	Amount
Closing Balance as at 8th November 2016	500	1500	100	300	600	1800
			20	20	20	20
			10	20	10	20
			Coins	8		8
Total		1500		348		1848
Transactions between 9th November 2016 and 30th December 2016						
Add: Withdrawal from Bank accounts						
Add: Receipts for permitted transactions						
Add: Receipts for non-permitted transactions (if any)						
Less: Paid for permitted transactions	500	1500	0	0	500	1500
Less: Paid for non-permitted transactions (if any)						
Less: Deposited in bank accounts						
Closing balance as at 30 December 2016		0		348		348

23 Construction contracts disclosures

Particulars	As at March 31, 2017	As at March 31, 2016
Contracts in progress at the end of the reporting period		
Cumulative revenue recognised	3,65,60,34,648	1,31,29,50,000
Advances received	-	-
Retention Money receivable	-	-
Gross amount due from customers for contract work, disclosed as asset (i.e. Unbilled Revenue)	-	-
Gross amount due to customers for contract work, disclosed as liability (i.e. Unearned Revenue)	-	-
	As at March 31, 2017	As at March 31, 2016
Contract revenue recognised as revenue during the period	2,34,30,84,648	1,31,29,50,000



FAGNE SONGADH EXPRESSWAY LIMITED

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

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

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

Nature of Relationship	Name of Entity	Abbreviation used
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries	ISSL CPG BPO Pvt Ltd	ISSL
	Elsamex Maintenance Services Ltd	Elsamex
Key Management Personnel ("KMP")	Mr. S C Sachdeva	Director
	Mr. Dilip Bhatia	Director
	Mr. Kazim Raza Khan	Director
	Mr. H K Labh	Director
	Mr. Sreelal Kunnasserri	Director
	Mr. Kamlakant Chaubal	Independent Director
	Mr. Rupak Ghosh	Independent Director

As at March 31, 2016

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

Nature of Relationship	Name of Entity	Abbreviation used
Holding Company	IL&FS Transportation Networks Limited	ITNL
Key Management Personnel ("KMP")	Mr. S C Sachdeva	Director
	Mr. Dilip Bhatia	Director
	Mr. Kazim Raza Khan	Director
	Mr. H K Labh	Director
	Mr. Kamlakant Chaubal	Independent Director
	Mr. Rupak Ghosh	Independent Director



FAGNE SONGADH EXPRESSWAY 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 (mentioned in note 24 above)

Particulars	Company's Name	Holding Company	Fellow Subsidiaries	Key Management personnel and relatives	Total
Balance					
Equity share Capital with Premium	ITNL	14,14,99,940			14,14,99,940
Trade Payables	ITNL	3,07,52,46,265			3,07,52,46,265
Trade Payables	Elsamex		1,30,27,938		1,30,27,938

Transactions	Company's Name	Holding Company	Fellow Subsidiaries	Key Management personnel and relatives	Total
Issue of Equity Shares	ITNL	5,60,00,000			5,60,00,000.00
Construction Cost	ITNL	1,91,55,26,692			1,91,55,26,692
Construction Cost	Elsamex		1,32,93,814		1,32,93,814
Professional Fees	ISSL		18,400		18,400
Director Remuneration					
S C Sachdeva				30,000	30,000
Kazim Raza Khan				40,000	40,000
Dilip Bhatia				40,000	40,000
Hemant Kumar Labh				20,000	20,000
Kamlakant Chaubal				60,000	60,000
Rupak Ghosh				60,000	60,000

Year ended March 31, 2016

(b) transactions/ balances with above mentioned related parties (mentioned in note 24 above)

Particulars	Company's Name	Holding Company	Fellow Subsidiaries	Key Management personnel and relatives	Total
Balance					
Equity share Capital	ITNL	8,54,99,940			8,54,99,940.00
Trade Payables	ITNL	1,19,79,50,000			1,19,79,50,000
Transactions					
Issue of Equity Shares	ITNL	8,54,99,940			
Project Development Fees	ITNL	1,31,29,50,000			1,31,29,50,000
Director Remuneration					
S C Sachdeva				10,000	10,000
Kazim Raza Khan				10,000	10,000
Narayanan Doraiswamy				10,000	10,000
Dilip Bhatia				10,000	10,000

Note 25 : Previous Year

Figures for the previous year / period have been regrouped, reclassified where necessary, to conform to the classification of the current year.



FAGNE SONGADH EXPRESSWAY LIMITED

Audit for the Period ended March 31, 2017

Differences in Accounting Policies & Disclosures

Accounting Policies Differences

Accounting Policy of consolidating entity	Accounting Policy of ITNL	Difference (Explain)	Impact (Estimated if not quantified) Rs.	Action proposed
NIL				

*only if impact as quantified or likely to be greater than ₹ 1.20 Mn

Indicate Accounting Policy followed by Component for the items not covered in ITNL Accounting Policy

Accounting Policy of consolidating entity and its financial impact

For Fagne Songadh Expressway Ltd.



Authorised signatory

Place : Mumbai
Date: 10th May 2017In terms of our clearance memorandum attached
For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N


Manju Agrawal
Partner
Membership No. - 083878
Place : Mumbai
Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED

Shareholding Pattern as at March 31, 2017

Sr. No.	Name of the Shareholder	No of Shares Held	% Holding
1	IL&FS Transportation Network Limited	14149994	100%
2	Mr. Swapnil Suresh Bhalekar	1	0%
4	Mr. Ajay Menon	1	0%
5	Mr. Vijay Kini	1	0%
6	Mr. Chandrakant Jagasia	1	0%
7	Ms. Jyotsana Matondkar	1	0%
7	Ms. Anwaya Sachin Kadu	1	0%
	Total	14150000	100

For Fagne Songadh Expressway Ltd.

Authorized signatory

Place : Mumbai
Date: 10th May 2017For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N

Manju Agrawal
Partner
Membership No. - 083878Place : Mumbai
Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED

Movement in Shareholding Pattern for the Period ended March 31, 2017

Date of Purchase/sale /new Issue/buy back etc	No. of Equity Shares	Transaction price	Details of Purchaser/Investor / Seller	Net Asset Value calculation as on date of the transaction
April 29, 2016	36,00,000	10	IL&FS Transportation Networks Ltd.	
September 21, 2016	10,00,000	10	IL&FS Transportation Networks Ltd.	
December 29, 2016	10,00,000	10	IL&FS Transportation Networks Ltd.	

For Fagne Songadh Expressway Ltd.



Authorised signatory

Place : Mumbai
Date: 10th May 2017For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N

Manju Agrawal
Partner
Membership No. - 083878Place : Mumbai
Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

(Part 1) - Provision for Overlay

Provision for overlay in respect of toll roads maintained by the Group under service concession arrangements and classified as intangible assets represents contractual obligations to restore an infrastructure facility to a specified level of serviceability in respect of such asset. Estimate of the provision is measured using a number of factors, such as current contractual requirements, technology, expert opinions and expected price levels. Because actual cash flows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provision is reviewed at regular intervals and adjusted to take account of such changes.

Accordingly, provision for overlay in respect of such service concession agreements are based on above assumptions.

Movements in provision made for overlay made in respect of Intangible Assets under SCA are tabulated below:

Particulars	As at March 31, 2017	
	Long-term	Short-term
Opening balance as on	Not Applicable	
Provision made during the period / year		
Provision utilised		
Adjustment for Foreign exchange fluctuation during the period / year		
Adjustment for reclassification during the period / year		
Closing balance as on		

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




Manju Agrawal
 Partner
 Membership No. - 083878

Place : Mumbai
 Date: 10th May 2017

For Fagne Songadh Expressway Limited


Authorised signatory

Place : Mumbai
 Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

(Part 2) - Estimates Used (Intangible Assets)

As per the accounting policy followed by the Group, the fair value of consideration for construction services in respect of intangible assets covered under service concession arrangements of the Group, the useful lives of such intangible assets, the annual amortisation in respect thereof, and the provisions for overlay costs have been estimated by the management having regard to the contractual provisions, the evaluations of the units of usage and other technical evaluations by independent experts, the key elements having been tabulated below:

	Upto March 31, 2017
Margin on construction services recognised in respect of intangible assets (₹)	37,70,79,807
Amortisation charge in respect of intangible assets (₹)	NIL
	As at March 31, 2017
Carrying amounts of intangible assets (₹)	-
Carrying amounts of intangible assets under development (₹)	3,65,60,34,648
Provision for overlay in respect of intangible assets (₹)	-
	For the year ended March 31, 2017
Amortisation charge in respect of intangible assets (₹)	-

Particulars	Amount ₹
Total estimated cost till the end of the construction period	
Total estimated margin till the end of the construction period	

Particulars	Amount Rs.
Opening Margins till March 31, 2016	-
During the period under audit	
Construction Revenue	2,34,30,84,648
Construction Cost	1,96,60,04,841
Margin	37,70,79,807
Margins Recognised till the balance sheet date upto March 31, 2017	37,70,79,807

Margin Percentage Applied on Construction Cost to recognise Construction Revenue	11.50%
---	---------------

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

For Fagne Songadh Expressway Limited


Manju Agrawal
 Partner
 Membership No. - 083878





Authorised signatory

Place : Mumbai
 Date: 10th May 2017-

Place : Mumbai
 Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

(Part 4) - Other Information

Significant terms of Service Concession Arrangements (SCA) are provided below.

Particulars	Project 1
Nature of Asset	Intangible Asset
Year when SCA granted	November 09, 2016
Period	19 years
Extension of period	NO
Completed/Under Construction	Under Construction
Premature Termination	NIL
Special term	NIL
Brief description of Concession	The company has been setup for Rehabilitation, Strengthening and four laning of Fagne to MAH/Guj Border (Package III) Section of NH-6 in the state of Maharashtra km 510.00 to km 650.794.00 (design length 140.794 Km.) on BOT (TOLL) on Design, Build, Finance, Operate and Transfer (DBFOT basis) in the state of Maharashtra

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




Manju Agrawal
 Partner
 Membership No. - 083878

Place: Mumbai
 Date: 10th May 2017

For Fagne Songadh Expressway Limited



Authorised signatory

Place : Mumbai
 Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

List of Related Parties and transactions / balances with them not included in Related Party Disclosures in Notes to Accounts.-

Not Applicable

1. Name of the related parties and description of relationship:

Nature of Relationship with "ITNL"	Name of Entity	Acronym used
Holding Company :		
Fellow Subsidiaries		
Associates :		
Co - Venture :		
Key Management personnel :		

2. Details of balances and transactions during the period with related parties

Account head	Name of Entity	31-Mar-17	31-Mar-16
Balances:			
Account head	Name of Entity	31-Mar-17	31-Mar-16
Transactions:			

3. Managerial Remuneration to Key Management Personnel (KMP) for Related Party Disclosure:

Name	Remuneration	Director's Sitting Fees	Rent	Interest payment	Others (Specify, if any) (See Note below)
Mr Ravi Parthasarathy					
Mr Hari Sankaran					
Mr Arun K Saha					
Mr Vibhav Kapoor					
Mr Manu Kochhar					
Mr Ramesh C Bawa					
Mr K Ramchand					
Mr Shahzaad Dalal					
Ms Vishpala Parthasarathy					
Ms Sulagna Saha					
Ms Nafisa Dalal					
Mr Faizaan Dalal					

Note: Please add respective columns for the outstanding balances with the above KMPs also in addition to Profit & Loss transactions

Part 2

1. Name of the related parties and description of relationship:

Nature of Relationship with "ITNL"	Name of Entity	Acronym used
Holding Company :		
Fellow Subsidiaries		
Associates :		
Co - Venture :		
Key Management personnel :		

2. Details of balances and transactions during the period with related parties

Account head	Name of Entity	31-Mar-17	31-Mar-16
Balances:			
Account head	Name of Entity	31-Mar-17	31-Mar-16
Transactions:			

In terms of our clearance memorandum attached
For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N

Manju Aggarwal
Partner
Membership No. - 083878



For Fagne Songadh Expressway Limited

Authorised signatory

Place : Mumbai
Date : 10th May 2017

Place : Mumbai
Date : 10th May 2017

Annexure - 7

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

Movement of Long term Investments for Cash flow

All the movements in Long term Investment needs to be given under following table to identify the cash flow impact

Script	Opening Balance as of 01/04/2016	Purchase Amount	Cost of Sale	Profit / (Loss)	Sale Value	Forex adjustments	Other adjustments	Transfer	Closing Balance as of 31/03/2017	Remarks
	-	-	-	-	-	-	-	-	-	

---NOT APPLICABLE---

In terms of our clearance memorandum attached

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



Manju Agrawal
 Partner
 Membership No. - 083878

For Fagne Songadh Expressway Limited

[Signature]

Authorised signatory

Place : Mumbai
 Date: 10th May 2017

Place : Mumbai
 Date: 10th May 2017

FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

Variance Analysis with Comparatives:

All the Companies needs to provide reasons / justifications of variances in comparison with previous period

(1) Balance sheet :

Liabilities	March 31, 2017	March 31, 2016	Increase / (Decrease)	Reasons for variance
ASSETS				
Non-current Assets				
(a) Intangible assets				
(i) Intangible assets under development	3,65,60,34,648	1,31,29,50,000	2,34,30,84,648	Increase in Construction Activity
(b) Other non-current assets	12,05,025	-	12,05,025	Debt Syndication Fees
Total Non-current Assets	3,65,72,39,673	1,31,29,50,000	2,34,42,89,673	
Current Assets				
(a) Financial assets				
(i) Cash and cash equivalents	35,81,291	43,63,804	(7,82,514)	
Total Current Assets	35,81,291	43,63,804	(7,82,514)	
Total Assets	3,66,08,20,964	1,31,73,13,804	2,34,35,07,160	
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14,15,00,000	8,55,00,000	5,60,00,000	Issue of Shares
(b) Other Equity	29,02,34,756	(53,82,371)	29,56,17,127	
Equity attributable to owners of the Company	43,17,34,756	8,01,17,629	35,16,17,127	
Total Equity	43,17,34,756	8,01,17,629	51,16,52,385	
LIABILITIES				
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	3,10,62,75,553	1,19,81,74,675	1,90,81,00,878	Increase in Construction Activity
(ii) Other financial liabilities	80,250	-	80,250	Increased in Creditors
(b) Provisions	21,97,242	-	21,97,242	Provision for IE Fees
(c) Current tax liabilities (Net)	8,02,06,850	-	8,02,06,850	MAT Payable @ 21.3416%
(d) Other current liabilities	4,03,26,313	3,90,21,500	13,04,813	TDS Payable on Construction Activity
Total Current Liabilities	3,22,90,86,208	1,23,71,96,175	1,99,18,90,033	
Total Liabilities	3,22,90,86,208	1,23,71,96,175	1,99,18,90,033	
Total Equity and Liabilities	3,66,08,20,964	1,31,73,13,804	2,34,35,07,160	

(2) Statement of Profit and Loss:

Statement of Profit and Loss	March 31, 2017	March 31, 2016	Increase / (Decrease)	Reasons for variance
Income				
Revenue from Operations	2,34,30,84,648	1,31,29,50,000	1,03,01,34,648	Increase in Construction Activity
Total Income	2,34,30,84,648	1,31,29,50,000	3,65,60,34,648	
Expenses				
Construction Costs	1,96,60,04,841	1,31,29,50,000	65,30,54,841	Increase in Construction Activity
Other expenses	12,55,830	53,82,371	(41,26,541)	Paid Stamp Duty last year for increase in Authorised Share Capital
Total expenses	1,96,72,60,671	1,31,83,32,371	64,89,28,300	
Profit before tax (I)	37,58,23,977	(53,82,371)	38,12,06,348	
Less: Tax expense (II)				
(1) Current tax	8,02,06,850	-	8,02,06,850	MAT Payable @21.3416%
(2) Deferred tax	-	-	-	
Profit for the period (III) = (I) - (II)	29,56,17,127	(53,82,371)	30,09,99,498	
Other Comprehensive Income				
Total other comprehensive income				
Total comprehensive income for the period	29,56,17,127	(53,82,371)	30,09,99,498	
Profit for the period attributable to:				
- Owners of the Company	29,56,17,127	(53,82,371)	30,09,99,498	
- Non-controlling Interests	-	-	-	
	29,56,17,127	(53,82,371)	30,09,99,498	

For Fagne Songadh Expressway Limited



Authorised signatory

Place : Mumbai
Date : 10th May 2017



FAGNE SONGADH EXPRESSWAY LIMITED
Audit for the year ended March 31, 2017

Utilisation of fund Investments by Parent Company in Toll Project Company under construction as of March 31, 2017

Project Company	Financial Year of Investment	Instrument	Name of Parent company	Incremental Investment by Parent Company in Project Company (Rs)	Amount used in project / construction activity by Project Company (Rs)	Amount used for general administrative expenses by Project Company (Rs)	Amount lying in FD, cash / bank balance (Rs)	Amount used for any other purposes (Pls define) by Project Company (Rs)	Project Status / Operational / Under construction	Project Commissioning date	Remarks (if any)	
FSEL	For 2014-15	Equity shares										
		Adv - Invest										
		Pref shares										
		Others (Pls specify)										
	For 2015-16	Equity shares			8,55,00,000	-	8,11,36,196	43,63,804		Under Construction		
		Adv - Invest										
		Pref shares										
		Others (Pls specify)										
	For 2016-17	Equity shares		ITNL	5,60,00,000	1,71,82,835	3,52,35,875	35,81,291	-	Under Construction		
		Adv - Invest										
		Pref shares										
		Others (Pls specify)										
FSEL	As of March 31, 2017	Equity shares	ITNL	14,15,00,000	1,71,82,835	11,63,72,071	35,81,291	-	Under Construction			
		Adv - Invest										
		Pref shares										
		Others (Pls specify)										

In terms of our clearance memorandum attached
For Gianender & Associates
 Chartered Accountants
 Firm Regn. No. 004661N



Manju Agrawal
 Partner
 Membership No. - 083878

Place : Mumbai
 Date: 10th May 2017

For Fagne Songadh Expressway Limited

Authorised signatory

Place : Mumbai
 Date: 10th May 2017