

MKPS & ASSOCIATES

(Formerly DASS MAULIK MAHENDRA K AGRAWAL & CO)

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SRINAGAR BANIHAL EXPRESSWAY LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Srinagar Banihal Expressway Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's management and Board of Directors are 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 mis-statement, whether due to fraud or error.

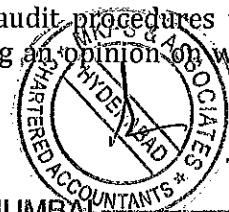
Auditor's Responsibility

3. 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 are free from material misstatement.

4. 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 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, but not for the purpose of expressing an opinion on whether the Company has in



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place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2018, and its Profit, its cash flows and the changes in equity for the year ended on that date.

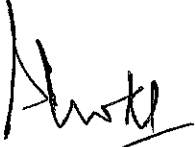
Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in Annexure - "A" a statement on the matters specified in paragraphs 3 and 4 of the order.
8. 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 purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and 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 Indian Accounting Standards specified under Section 133 of the Act
 - e. On the basis of the written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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, we give our separate report in "Annexure - B".
 - 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 does not have any pending litigations which would have a material impact its financial position.



- ii) Based upon the assessment made by the company, there are no material foreseeable losses on its long term contracts that may require any provisioning
- iii) In view of there being no amounts required to be transferred to the Investor Education and Protection Fund for the year under audit the reporting under this clause is not applicable.

**For MKPS & Associates
Chartered Accountants
FRN 302014E**



**CA S. Modi
Partner
M No. 051361**



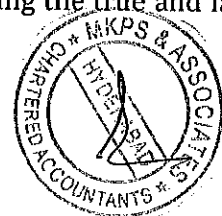
Hyderabad, May 24, 2018

Annexure - A to the Independent Auditors Report

Referred to in Para 7 of our report of even date, to the members of SRINAGAR BANIHAL EXPRESSWAY LIMITED for the year ended March 31, 2018

- i)
 - (a) The company is maintaining proper records showing full particulars, with respect to its fixed assets comprising of Intangible Assets representing toll collection rights.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- ii) In our opinion, and according to the information and explanations given to us, The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted during the year any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b),(c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted during the year in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the period under audit. Consequently, the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed there under are not applicable.
- vi) We have been informed by the company that the Provision of maintenance of cost record under section 148 (1) the Act is not applicable.
- vii)
 - (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues Such as provident fund, Profession tax, income-tax, sales-tax etc with the appropriate authorities in India.

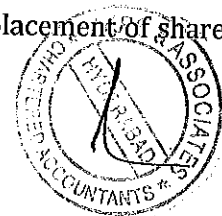
According to the information and explanations given to us, undisputed Labour Cess of Rs 18.86 Mn under BOCWW Act and Service tax of Rs.0.04 Mn amounts in respect of the aforesaid statutory dues are in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no applicable statutory dues which have not been deposited on account of any dispute.
- viii) Based on our audit procedures performed for the purpose of reporting the true and fair



view of the financial statements and according to information and explanations given by the management, the Company has defaulted in repayment of dues to financial institutions, banks as on the balance sheet date. The lender wise details are tabulated as under. The company has not issued any debentures and also not taken any loans from any government.

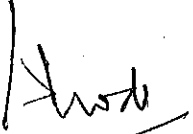
Name of the bank	Nature of dues	Amount (Rs Mn)	Default in days
Andhra Bank	Interest	29.35	1 to 60 days
Axis Bank	Interest	15.54	1 to 32 days
Bank of India	Interest	58.59	1 to 60 days
Central Bank of India	Interest	56.97	1 to 60 days
Federal Bank	Interest	23.05	1 to 60 days
Indian Overseas Bank	Interest	58.12	1 to 60 days
Oriental Bank of Commerce	Interest	30.51	1 to 60 days
State Bank of Patiala	Interest	27.10	1 to 60 days
Jammu and Kashmir Bank	Interest	58.90	1 to 60 days

- ix) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been ultimately utilised for the purpose for which they were taken. Further, the company has not raised any funds by way of initial / further public offer.
- x) Based on the audit procedures performed by us for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that we have neither come across any instance of fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not a Nidhi Company and hence the reporting requirements under clause (xii) of paragraph 3 of the order are not applicable.
- xiii) According to the information and explanations given to us, all transactions entered into by the company with related parties are in compliance with section 177 and 178 of the Act where applicable and the details thereof have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.



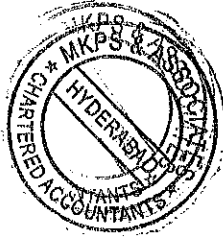
- xv) As per the information and explanations provided to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45 - IA of the Reserve Bank of India, 1934.

**For MKPS & Associates
Chartered Accountants
FRN 302014E**



**CA S. Modi
Partner
M No. 051361**

Hyderabad, May 24, 2018



Annexure - B to the Independent Auditors Report

Referred to in Para 8 of our report of even date, to the members of SRINAGAR BANIHAL EXPRESSWAY LIMITED for the year ended March 31, 2018

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

We have audited the internal financial controls over financial reporting of **SRINAGAR BANIHAL EXPRESSWAY LIMITED** ("the Company") as of March 31, 2018 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI 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 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.

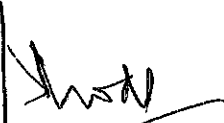
Inherent Limitations of Internal Financial Controls over Financial Reporting

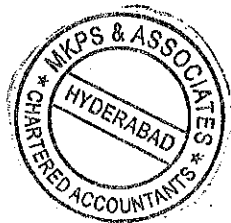
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MKPS & Associates
Chartered Accountants
FRN 302014E**


**CA S. Modi
Partner
M No. 051361**



Hyderabad, May 24, 2018

Srinagar Banihal Expressway Limited

CIN:U45200AP2010PLC070676

Balance Sheet as at 31 March 2018

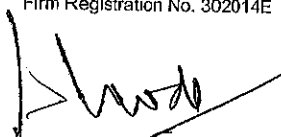
(Rs in Millions)

	Notes	31 March 2018	31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	1.90	1.94
Financial assets			
Other financial assets	5	16,843.51	13,325.41
Other non-current assets	7	826.83	-
Total non-current assets		17,672.24	13,327.34
Current assets			
Inventories	8	6.76	43.90
Financial assets			
Cash and cash equivalents	9	3.80	18.21
Other financial assets	10	456.20	-
Other current assets	11	546.64	1,898.02
Total current assets		1,013.41	1,960.13
Total assets		18,685.65	15,287.48
Equity and liabilities			
Equity			
Equity share capital	12	0.53	0.53
Other equity			
Retained earnings	13	(122.82)	(149.69)
Equity component of compound financial instrument		352.15	352.15
Capital contribution		686.32	480.82
Total equity		916.17	683.80
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	14,095.14	13,471.73
Other financial liabilities	15	265.97	137.04
Deferred tax liabilities (net)	6	420.27	325.13
Total non-current liabilities		14,781.38	13,933.91
Current liabilities			
Financial liabilities			
Trade payables	16	125.66	289.21
Others financial liabilities	17	2,768.27	342.62
Other current liabilities	18	50.30	36.75
Provisions	19	43.87	1.19
Total current liabilities		2,988.09	669.77
Total liabilities		17,769.47	14,603.68
Total equity and liabilities		18,685.65	15,287.48

The notes 1 to 31 are an integral part of these financial statements


In terms of our report attached.


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


S. Modi
Partner
Membership Number : 051361




For and on behalf of the Board
Srinagar Banihal Expressway Limited



Y R Nagaraja
Director
DIN : 00009810


P Ravi Prasad
Director
DIN : 07872103



Place : Hyderabad
Date : 24-May-2018


N Madhu Sudhana Reddy
Company secretary


D Lakshmana Rao
Chief Financial Officer

Srinagar Banihal Expressway Limited
 CIN:U45200AP2010PLC070676
 Statement of Profit and Loss for the year ended 31 March 2018

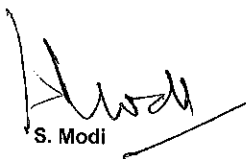
	Notes	For the year ended 31 March 2018	(Rs in Millions) For the year ended 31 March 2017
Revenue			
Revenue from operations	20	2,261.23	1,448.80
Other income	21	1,718.50	1,131.72
Total income		3,979.73	2,580.52
Expenses			
Construction costs	22	2,036.82	1,319.27
Finance costs	23	1,810.32	1,515.61
Depreciation expense	4	0.04	0.07
Other expenses	24	73.42	10.89
Total expenses		3,920.61	2,845.84
Profit before tax		59.12	(265.32)
Current tax		4.44	-
Deferred tax		27.81	(89.86)
Income tax expense		32.25	(89.86)
Profit for the year		26.87	(175.46)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year		26.87	(175.46)
Earnings per share			
Basic earnings per share (INR)	26	511.33	(3,338.59)
Diluted earnings per share (INR)	26	511.33	(3,338.59)

The notes 1 to 31 are an integral part of these financial statements


In terms of our report attached.


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

For and on behalf of the Board
 Srinagar Banihal Expressway Limited

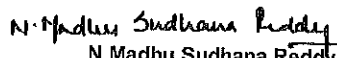

S. Modi
 Partner
 Membership Number : 051361




Y R Nagaraja
 Director
 DIN : 00009810


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 DIN : 07872103




N Madhu Sudhana Reddy
 Company secretary


D Lakshmana Rao
 Chief Financial Officer

Place : Hyderabad
 Date : 24-May-2018

Srinagar Banihal Expressway Limited
 CIN:U45200AP2010PLC070676
 Statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

(Rs in Millions)	
	Amount
Balance as at 1 April 2017	0.53
Changes in equity share capital during 2016-17	-
Balance as at the 31 March 2017	0.53
Changes in equity share capital during 2017-18	-
Balance as at the 31 March 2018	0.53

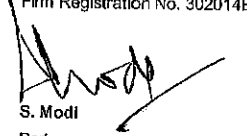
b. Other equity

(Rs in Millions)				
	Reserves and surplus	Equity component of	Capital contribution	Total
	Retained earnings	compound financial instruments		
Balance at 1 April 2016	25.77	352.15	337.62	715.54
Total comprehensive income for the year ended 31 March 2017				
Profit or loss	(175.46)	-	-	(175.46)
Other equity (net of tax)			143.20	143.20
Total comprehensive income	(175.46)	-	143.20	(32)
Transactions with owners, recorded directly in equity	-	-	-	-
Balance at 31 March 2017	(149.69)	352.15	480.82	683.27
Total comprehensive income for the year ended 31 March 2018				
Profit or loss	26.87	-	-	26.87
Other comprehensive income (net of tax)	-	-	205.50	205.50
Other equity (net of tax)				
Total comprehensive income	26.87	-	205.50	232.38
Transactions with owners, recorded directly in equity	-	-	-	-
Balance at 31 March 2018	(122.82)	352.15	686.32	915.65

The notes 1 to 31 are an integral part of these financial statements

In terms of our report attached.

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

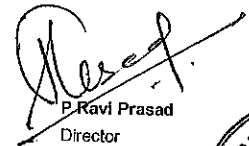

 S. Modi
 Partner
 Membership Number : 051361



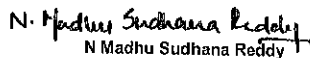
For and on behalf of the Board
 Srinagar Banihal Expressway Limited

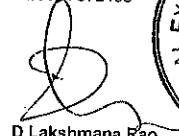


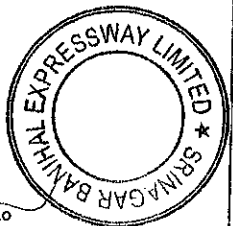
Y R Nagaraja
 Director
 DIN: 00009810



P Ravi Prasad
 Director
 DIN : 07872103


 N Madhu Sudhana Reddy
 Company secretary


 D Lakshmana Rao
 Chief Financial Officer



Place : Hyderabad
 Date : 24-May-2018

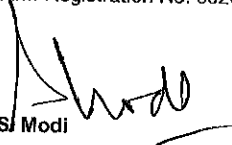
Srinagar Banihal Expressway Limited
 CIN:U45200AP2010PLC070676
 Statement of Cash Flows for the year ended 31 March 2018

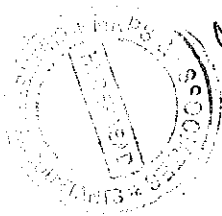
	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit for the year (before tax)	59.12	(265.32)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	0.04	0.07
Guarantee commission	71.80	10.21
Interest expense	1,810.32	1,515.61
Interest income	(1,718.50)	(1,131.72)
Others	(224.41)	(129.53)
	(1.62)	(0.68)
<i>Working capital adjustments:</i>		
(Increase) in other financial assets	(3,815.27)	(2,834.68)
(Increase) decrease in other assets	492.34	110.39
(Increase) in inventories	37.14	(26.11)
Increase in other financial liabilities	2,554.31	257.12
Increase in trade payables	(163.55)	221.50
Increase in provisions	-	-
Increase (decrease) in other current liabilities	13.55	(6.92)
Cash used in operating activities	(883.10)	(2,279.38)
Income tax paid (net)	-	-
Net cash used in operating activities (A)	(883.10)	(2,279.38)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Interest received	-	-
Net cash from investing activities (B)	-	-
Cash flows from financing activities		
Proceed from long-term borrowings	895.13	2,132.52
Interest paid	(26.43)	(0.20)
Net cash flow from financing activities (C)	868.69	2,132.32
Net decrease in cash and cash equivalents (A+B+C)	(14.41)	(147.97)
Cash and cash equivalents at 1 April	18.21	166.18
Cash and cash equivalents at 31 March	3.80	18.21

The notes 1 to 31 are an integral part of these financial statements


In terms of our report attached.

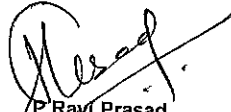
For MKPS & Associates
 Chartered Accountants
 Firm Registration No. 302014E


S. Modi
 Partner
 Membership Number : 053161



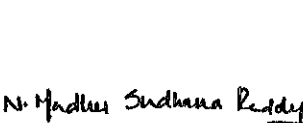
For and on behalf of the Board
 Srinagar Banihal Expressway Limited



Y R Nagaraja
 Director
 DIN: 00009810


P Ravi Prasad
 Director
 DIN : 07872103



Place : Hyderabad
 Date : 24-May-2018


N Madhu Sudhana Reddy
 Company secretary


D Lakshmana Rao
 Chief Financial Officer

Srinagar Banihal Expressway Limited
Notes to the financial statements for the year ended 31 March 2018

E. Measurement of fair values

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

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

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

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

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

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

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

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

Note 3(a) – financial instruments;

3. Significant accounting policies

a. Financial instruments

Non-derivative financial instruments

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

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

Non- derivative financial assets

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

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

Non-derivative financial assets – service concession arrangements

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor of the concession for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition and classified as trade receivables. Subsequent to initial recognition, such financial assets are measured at amortized cost.



Srinagar Banihal Expressway Limited
Notes to the financial statements for the year ended 31 March 2018

Non-derivative financial liabilities

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

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

Offsetting

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

b. Property, plant and equipment

i. Recognition and measurement

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

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

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

iii. Depreciation

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Office equipment	5years	5years
Furniture and fixtures	10 years	10 years
Computer equipment	3 years	3 years

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

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

Srinagar Banihal Expressway Limited
Notes to the financial statements for the year ended 31 March 2018

c. Revenue recognition

i. Construction contracts

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

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

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

ii. Service concession arrangements

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

d. Impairment

i. Impairment of financial instruments

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the Balance Sheet

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

Write-off

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



Srinagar Banihal Expressway Limited

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

ii. Impairment of non-financial assets

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

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

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

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

e. Income tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

f. Provisions (other than employee benefits)

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



Srinagar Banihal Expressway Limited

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

g. Recognition of interest income or expense

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

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

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

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

h. Borrowing cost

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

i. Segment reporting

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

j. Earnings per share

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

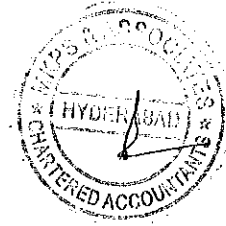


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Notes to the financial statements for the year ended 31 March 2018

4. Property, plant and equipment
 A. Reconciliation of carrying amount

	Freehold land	Furniture and fixtures	Office equipment	Computer equipment	Total
Deemed cost (gross carrying amount)					
Balance at 1 April 2017	1.81	0.06	0.14	0.08	2.10
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2018	1.81	0.06	0.14	0.08	2.10
Accumulated depreciation and impairment losses					
Balance at 1 April 2017	-	0.02	0.06	0.08	0.16
Depreciation for the year	-	0.01	0.03	-	0.04
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2018	-	0.02	0.09	0.08	0.20
Carrying amounts (net)					
At 1 April 2017	1.81	0.04	0.08	-	1.94
Balance at 31 March 2018	1.81	0.04	0.05	-	1.90



Srinagar Banihal Expressway Limited

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

5. Other financial assets

	(Rs in Millions)	
	31 March 2018	31 March 2017
Receivable from grantor	16,843.51	13,325.41
	16,843.51	13,325.41

6. Deferred tax assets (liabilities)

A. Movement in temporary differences

	(Rs in Millions)	
	31 March 2018	31 March 2017
<i>Deferred tax assets</i>		
Financial instruments	33.64	26.39
SCA adjustments	15.69	91.53
MAT Credit	38.49	-
	87.83	117.92
<i>Deferred tax liabilities</i>		
Corporate guarantee	25.88	1.48
Interest - Effective interest rate	(37.63)	(54.00)
Financial instruments	(496.35)	(390.53)
	(508.10)	(443.05)
	(420.27)	(325.13)

7. Other non-current assets

	(Rs in Millions)	
	31 March 2018	31 March 2017
Mobilisation advance	826.83	-
Prepaid guarantee commission	-	-
	826.83	-

8. Inventories

(Valued at lower of cost and net realisable value)

	(Rs in Millions)	
	31 March 2018	31 March 2017
Steel and cement	6.76	43.90
	6.76	43.90

9. Cash and cash equivalents

	(Rs in Millions)	
	31 March 2018	31 March 2017
Cash in hand	-	-
Balances with banks in current accounts	3.80	18.21
	3.80	18.21

10. Other financial assets

	(Rs in Millions)	
	31 March 2018	31 March 2017
Receivable from grantor	456.20	-
	456.20	-

11. Other current assets

	(Rs in Millions)	
	31 March 2018	31 March 2017
Other receivables	7.08	-
Receivable from tax authorities	23.52	6.25
Mobilisation advance	-	826.83
Prepaid expenses	3.50	17.70
Prepaid guarantee commission	35.46	67.66
Advance to material suppliers	31.30	70.75
Advance against utility shifting work and other expenses	25.66	18.67
Advance against EPC work	420.12	890.16
	546.64	1,898.02



12. Share capital

	(Rs in Millions)	
	31 March 2018	31 March 2017
Authorised		
Equity shares of ` 10 each	14.53	14.53
0.001% Non Cumulative, Non Convertible Redeemable Preference Shares of Rs.10/- each	615.47	615.47
	630.00	630.00
Issued, subscribed and paid-up		
Equity shares of ` 10 each	0.53	0.53
	0.53	0.53

0.001% Non Cumulative, Non Convertible, Redeemable Preference Shares of ` 10 each have been issued and have been classified as financial liability (see Note 14).

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

	31 March 2018		31 March 2017	
	Number	Amount	Number	Amount
At the commencement of the year	0.05	0.53	0.05	0.53
Shares issued for cash	-	-	-	-
At the end of the year	0.05	0.53	0.05	0.53

B. Rights, preferences and restrictions attached to equity shares

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

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

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

	31 March 2018		31 March 2017	
	Number	% Holding	Number	% Holding
Ramky Infrastructure Limited	0.04	74%	0.04	74%
Jiangsu Provincial Transportation Engineering Group Co.Ltd	0.01	26%	0.01	26%
	0.05	100%	0.05	100%

D. Details of shareholding by holding company

	31 March 2018		31 March 2017	
	Number	% Holding	Number	% Holding
Ramky Infrastructure Limited - Equity shares	0.04	74%	0.04	74%

13. Other equity

	(Rs in Millions)	
	31 March 2018	31 March 2017
Retained earnings		
Balance at the beginning of the year	(149.69)	25.77
Add: (Loss)/ Profit for the year	26.87	(175.46)
Balance at the end of the year	(122.82)	(149.69)
Equity component of compound financial instruments (Refer note 14)		
Balance at the beginning of the year	352.15	352.15
Additions during the year	-	-
Balance at the end of the year	352.15	352.15
Capital contribution from parent*(Refer note 14)		
Balance at the beginning of the year	480.82	337.62
Additions during the year	205.50	143.20
Balance at the end of the year	686.32	480.82
	915.65	683.27

* Represents fair value of interest-free loan received from Holding Company

14. Borrowings

	(Rs in Millions)	
	31 March 2018	31 March 2017
Secured		
<i>Term Loans</i>		
<i>- From Banks</i>		
Andhra bank	947.22	852.65
Bank of India	1,895.26	1,706.19
Central Bank of India	1,895.00	1,705.90
IOB	1,894.13	1,704.98
J & K	1,895.39	1,706.32
Federal Bank	710.71	639.83
OBC	947.25	852.69
Dena bank	616.01	554.60
ICICI Bank - Subordinate Term loan	1,412.92	1,254.62
ICICI Bank - Senior Term loan	328.56	313.04
SBI	947.64	853.12
<i>Other Loans</i>		
Axis Bank	-	900.00
NHAI OTFIS	-	-
Unsecured		
Sub-debt from related party	400.18	244.28
Preference shares	204.83	183.49
	14,095.14	13,471.73

Refer note 28 for detailed related party disclosure.

A. Security:

The first ranking rupee term loan, interest thereon and all amounts in respect thereof shall be secured on a first ranking pari-passu basis by a mortgage/hypothecation/assignment/security interest/ Charge/pledge, without limitation.

- All the Borrower's immovable, moveable properties both present and future except for Project Assets (as defined in Concession Agreement).
- Assignment of rights, interest and obligations of the Concessionaire to the extent covered by and in accordance with the Substitution Agreement
- All the Borrower's bank account(s) in relation to the project, including but not limited to the Escrow Account(s) to the extent of waterfall of the priorities as provided in the Escrow Agreement.
- Pledge of 30% of equity share capital of the Borrower held by Sponsors

B. Repayment schedule

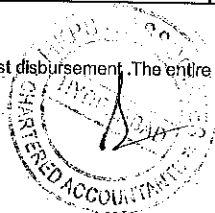
Senior Term loans

Senior Term Loan is repayable in maximum 22 structured semi-annual instalments with the first repayment starting from July 2018 and Subordinate Term Loan is repayable 24 structured semi-annual instalments with the first repayment starting from July 2019 as per Amendment to Amending Common Loan Agreement Dt: 20th Oct 2016

Year	Senior Debt	Subordinate Debt
2018-19	640.00	80.00
2019-20	768.00	96.00
2020-21	768.00	96.00
2021-22	768.00	96.00
2022-23	960.00	96.00
2023-24	1,152.00	112.00
2024-25	1,408.00	128.00
2025-26	1,408.00	128.00
2026-27	1,472.00	144.00
2027-28	1,664.00	144.00
2028-29	1,792.00	208.00
2029-30	-	272.00
Total	12,800.00	1,600.00

Axis bank

To be repaid at the end of third year (i.e. end of 36th month) from the date of first disbursement. The entire loan of Rs 900 Millions was disbursed on March 31, 2016.



Srinagar Banihal Expressway Limited

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

C. Terms and conditions attached to 10% Cumulative, Redeemable, Optional, Convertible Preference Shares

The Company issued 62 Millions 0.001% Non-Cumulative, Non-convertible, Redeemable Preference Shares of ₹10 each at par. These shares are redeemable either at par or premium at the option of the Board on or before 17 years anytime before redemption.

Pursuant to the agreement, RIL made long-term non-reciprocal contributions of INR 510 Millions as at 1 April 2015, which as per the terms of agreement are not available for distribution as dividend. Management has evaluated that these contributions are in substance in the nature of equity and accordingly classified the amounts received as "equity component of compound financial instrument".

D. Terms and conditions attached to interest free sub-debt from related party

To be repaid after repayment of Term loans & Sub debt from Banks and other Loan from Axis Bank.

15. Other financial liabilities

	(Rs in Millions)	
	31 March 2018	31 March 2017
Retention money	230.06	137.04
Interest accrued but not due	35.91	-
	265.97	137.04

16. Trade payables

	(Rs in Millions)	
	31 March 2018	31 March 2017
Creditors for construction and utility shifting	0.13	6.95
Payable to material supplier	124.86	224.89
Creditors for other expenses	0.67	57.37
	125.66	289.21

17. Other financial liabilities

	(Rs in Millions)	
	31 March 2018	31 March 2017
Current maturities of long-term debts:		
- Term loans	1,624.00	-
- Others	752.02	-
Interest accrued and due on borrowings	357.90	328.78
Security deposit received	34.35	13.84
	2,768.27	342.62

18. Other current liabilities

	(Rs in Millions)	
	31 March 2018	31 March 2017
Statutory liabilities	50.30	36.75
Other payables	-	-
	50.30	36.75

19. Provisions

	(Rs in Millions)	
	31 March 2018	31 March 2017
Provision for income tax, net of advance tax	43.87	1.19
	43.87	1.19



20. Revenue from operations

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Construction income under SCA	2,261.23	1,448.80
	2,261.23	1,448.80

21. Other Income

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income		
- From banks	5.42	-
- on financial asset	1,713.08	1,131.72
	1,718.50	1,131.72

22. Construction costs

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Constructons costs under SCA	2,036.82	1,319.27
	2,036.82	1,319.27

23. Finance costs

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense	1,810.31	1,515.61
Other borrowing cost	0.02	-
	1,810.32	1,515.61

24. Other expenses

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Professional and consultancy charges	0.31	0.10
Guarantee commission	71.80	10.21
Audit fee (See note (I) below)	1.17	0.58
Miscellaneous expenses	0.14	-
	73.42	10.89

(i) Payments to auditors

	(Rs in Millions)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
As Auditor		
- Statutory audit	0.59	0.55
- Tax audit	0.30	0.03
- Certification charges	0.28	0.10
	1.17	0.68

25. Capital management

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

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

	(Rs in Millions)	
	31 March 2018	31 March 2017
Total liabilities	17,769.47	14,603.68
Less: cash and cash equivalents	(3.80)	(18.21)
Adjusted net debt	17,765.67	14,585.46
Total equity	916.17	683.80
Adjusted net debt to equity ratio	19.39	21.33

26. Earnings per share

Basic earnings per share is calculated by dividing:

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

	(Rs in Millions)	
	31 March 2018	31 March 2017
i. Profit (loss) attributable to equity shareholders(basic)	26.87	(175.46)
ii. Weighted average number of equity shares (basic)	0.05	0.05
Basic EPS	511.33	(3,338.59)

The Company has no potentially dilutive equity shares outstanding during the year.



27. Financial Instruments - Fair values and risk management

A. Accounting classifications and fair values

The carrying amounts of financial assets and liabilities recognized in the financial statements approximate their fair values and hence no further details about the fair value measurements including their levels in the fair value hierarchy is not given. No assets and liabilities are measured at fair value. The following table shows the carrying amounts at amortized cost of financial assets and financial liabilities.

31 March 2018

(Rs in Millions)

	Carrying amount		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount
Financial assets measured at fair value	-	-	-
Financial assets not measured at fair value	-	-	-
Receivable from grantor	17,299.71		17,299.71
Cash and cash equivalents	3.80		3.80
	17,303.52	-	17,303.52
Financial liabilities not measured at fair value			
Secured bank loans	-	13,490.12	13,490.12
Loans from related parties	-	400.18	400.18
Preference shares	-	204.83	204.83
Trade payables	-	125.66	125.66
Others	-	3,034.24	3,034.24
	-	17,255.03	17,255.03

31 March 2017

(Rs in Millions)

	Carrying amount		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount
Financial assets measured at fair value	-	-	-
Financial assets not measured at fair value	-	-	-
Receivable from grantor	13,325.41		13,325.41
Cash and cash equivalents	18.21		18.21
	13,343.62		13,343.62
Financial liabilities not measured at fair value			
Secured bank loans	-	13,043.96	13,043.96
Loans from related parties	-	244.28	244.28
Preference shares	-	183.49	183.49
Trade payables	-	289.21	289.21
Others	-	479.66	479.66
	-	14,240.60	14,240.60



B. Financial risk management

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

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

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

ii) Credit risk

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

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

Trade receivables and loans

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

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 3.80 Millions at 31 March 2018 (31 March 2017: INR 18.21 Millions). The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Exposure to liquidity risk

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

31 March 2018

(Rs in Millions)

	Carrying amount	Contractual Cash flows					More than 5 years
		Total	6 months or less	6-12 months	1-2 Years	2-5 Years	
Non-derivative financial liabilities							
Secured bank loans	13,490.12	13,490.12	-	-	864.00	2,796.00	8,830.12
Loans from related parties	400.18	400.18	-	-	-	-	400.18
Preference shares	204.83	204.83	-	-	-	-	204.83
Trade payables	125.66	125.63	125.63	-	-	-	-
Others	3,034.24	3,034.24	1,772.24	1,262.00	-	-	-
	17,255.03	17,255.00	1,897.87	1,262.00	864.00	2,796.00	10,435.14

31 March 2017

(Rs in Millions)

	Carrying amount	Contractual Cash flows					More than 5 years
		Total	6 months or less	6-12 months	1-2 Years	2-5 Years	
Non-derivative financial liabilities							
Secured bank loans	13,043.96	13,043.96	-	-	640.00	3,632.00	8,771.96
Loans from related parties	244.28	244.28	-	-	-	-	244.28
Preference shares	183.49	183.49	-	-	-	-	183.49
Trade payables	289.21	289.21	-	289.21	-	-	-
Others	479.66	479.66	328.78	-	-	150.88	-
	14,240.60	14,240.60	328.78	289.21	640.00	3,782.88	9,199.73

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

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

iv) Market risk

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

Interest rate risk

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

Exposure to interest rate risk

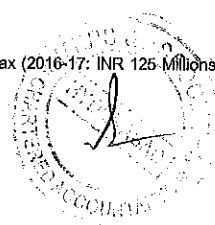
The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

(Rs in Millions)

	Note	31 March 2018	31 March 2017
Fixed rate instruments			
Financial assets	-	-	-
Financial liabilities	14	14,095.14	13,471.73

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity by INR 150.18 Millions after tax (2016-17: INR 125 Millions). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant



28. Related party disclosure

A. List of related parties and nature of relationship

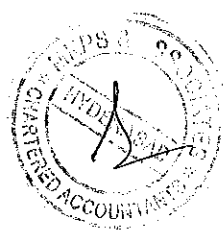
S. No.	Name of the related party	Nature of relationship
1	Ramky Infrastructure Limited	Holding Company
2	Mr.Y R Nagaraja	Director
3	Mr.Ravi Prasad	Director

B. Transactions with related parties during the year ended

S. No.	Name of the related party	Nature of transactions	(Rs in Millions)	
			31 March 2018	31 March 2017
1	Ramky Infrastructure Limited	Construction costs	1,222.53	395.59
		Milestone and on account payment	802.31	559.20
		Utility shifting expenditure	69.41	136.79
		Retention Money deducted	73.42	25.46
		Sub debt received	389.65	196.50
		Mobilisation advance recovered	-	-
		Material advances recovered	-	87.66

C. Balances outstanding

S. No.	Name of the related party	Nature of transactions	(Rs in Millions)	
			31 March 2018	31 March 2017
1	Ramky Infrastructure Limited	Equity share capital	0.39	0.39
		Preference share capital	615.47	615.47
		Sub debt payable	1,236.15	846.50
		Trade payables (EPC)	-	-
		On account payable	418.21	890.16
		Payable against utility shifting	-	-
		Mobilisation advance	826.83	826.83
		Retention money payable	228.15	137.04
		Loans and advances payable	-	-
		Material advances	-	-



Srinagar Banihal Expressway Limited

CIN:U45200AP2010PLC070676

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

29. Service concession arrangement

a) The project of the company consists of Design, Construction, Development, Finance, Operation and maintenance of four laning of a section on the Srinagar-Banihal National Highway 1A in the state of Jammu and Kashmir on design, build, finance, operate and transfer (DBFOT) annuity basis for a period of 20 years.

b) During the year, the Company has recorded revenue of INR 2261.23 Millions on construction. The Company has recorded total profit of INR 26.87 Millions in the current year.

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

30. As the Company is not in the possession of information regarding dues to the Micro, Small and Medium Enterprises, the same has not been furnished herewith.

31. Financial Asset:

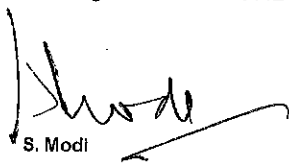
a) Financial Assets of Rs. 1,7299.71 Millions includes construction cost of Rs. 358.98 Millions and margin Rs. 36.57 Millions incurred by the company. IE certification of the same is awaited.

b) As per the concession agreement, the scheduled COD/PCOD date was 26.06.2014 and the company shall receive 34 annuities of Rs. 1348.20 Millions each. The company achieved PCOD on 26.03.2018 with a delay of 1369 days. As on 31.03.2018 the company has received an extension of time for 523 days. The company has applied for further extension of time till 31.12.2018, being the date of COD, for which the approval of NHAI is awaited. The company is confident of getting the extension of time and therefore has considered receipt of all 34 annuities while arriving at the Financial asset of Rs 17299.71 Millions

The notes 1 to 31 are an integral part of these financial statements

In terms of our report attached.

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



S. Modi
Partner
Membership Number : 051361

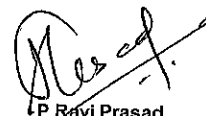


Place : Hyderabad
Date : 24-May-2018

For and on behalf of the Board
Srinagar Banihal Expressway Limited



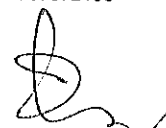
Y R Nagaraja
Director
DIN : 00009810



P Ravi Prasad
Director
DIN : 07872103



N Madhu Sudhana Reddy
Company secretary



D Lakshmana Rao
Chief Financial Officer

