

ITNL ROAD INVESTMENT TRUST I

FINANCIAL STATEMENT

2014-15

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

TO TRUSTEE OF

ITNL ROAD INVESTMENT TRUST SCHEME I

We have audited the accompanying special purpose financial statements of **ITNL Road Investment Trust Scheme I** ("the Trust"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Income & Expenditure and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared by the Management of the Trust based on Group Referral Instructions (GRI) sent by the Trust vide email dated March 24, 2015 issued by the Management of IL&FS Transportation Networks Limited (ITNL) ("Parent Company").

Management's Responsibility for the Special Purpose Financial Statements

The Trust's Management is responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Trust in accordance with the Accounting Principles Generally Accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India and the accounting policies as mentioned in the GRI and in accordance with the format of financial statements as given in the GRI. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Trust 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 special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable



assurance about whether the special purpose financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Trust's preparation of the special purpose 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 trust has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the trustee, as well as evaluating the overall presentation of the special purpose 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 special purpose financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give the a true and fair view in conformity with the accounting principles generally accepted in India and GRI, of the state of affairs of the Trust as at March 31, 2015, and its Surplus and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the special purpose financial statements: Not Applicable

Our opinion is not modified in respect of these matters.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the special financial statements which describes the basis of accounting. The special purpose financial statements have been prepared for inclusion in the consolidated financial statements of Parent Company. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Trust, the Parent Company and the auditors of the Parent Company for their consideration into the audit of Consolidated Financial Statements and should not be distributed to or used by parties other than the Trust, the Parent Company and the auditors of the Parent Company.



Other Matter

The Trust has prepared a separate set of financial statements for the year ended March 31, 2015 in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and in accordance with the accounting principles generally accepted in India on which we issued a separate Auditor's Report to the Trustee dated April 17, 2015.

For Lakhani & Co. LLP
Chartered Accountants
FRN 105524W / W-100031


Parag Modi
Partner
M No. 115104



Place: Mumbai
Date : April 17, 2015

SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL Road Investment Trust Scheme I


Balance Sheet as at March 31, 2015

Rs.

	Particulars	Note	As at		As at	
			March 31, 2015		March 31, 2014	
I	UNIT CAPITAL AND LIABILITIES					
1	UNIT HOLDERS' FUNDS					
	(a) Unit capital	2	1,09,60,61,800		1,09,60,61,800	
	(b) Reserves and surplus	3	84,56,443	1,10,45,18,243	79,37,938	1,10,39,99,738
2	MINORITY INTEREST					
3	NON-CURRENT LIABILITIES					
4	CURRENT LIABILITIES					
	(a) Trade payables			2,73,990		2,62,758
	TOTAL			1,10,47,92,233		1,10,42,62,496
II	ASSETS					
1	NON CURRENT ASSETS					
	(a) Non-current investments (net)	4	1,02,46,83,089		1,02,46,83,089	
	(b) Other non-current assets	5	7,91,25,889	1,10,38,08,978	7,91,25,889	1,10,38,08,978
2	CURRENT ASSETS					
	(a) Cash and bank balances	6		9,83,255.00		4,53,518.00
	TOTAL			1,10,47,92,233		1,10,42,62,496

Notes 1 to 14 form part of the special purpose financial statements.

In terms of our report attached.
For M/s Lakhani & Co. LLP
Chartered Accountants
Firm Reg. No. 105524W / W - 100031


Parag Modi
Partner
Membership No. 114105

Place: Mumbai
Date : April 17, 2015



For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)



Authorised Signatory

ITNL Road Investment Trust Scheme I
Statement of Income & Expenditure for the year ended March 31, 2015

		Rs.		
	Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
I	Revenue from operations		-	-
II	Other income	7	4,78,09,836	4,78,09,836
III	Total revenue (I + II)		4,78,09,836	4,78,09,836
IV	Expenses			
	Administrative and general expenses	8	4,81,495	4,34,950
	Total expenses		4,81,495	4,34,950
V	Surplus / (Deficit) before exceptional and extraordinary items and tax (III-IV)		4,73,28,341	4,73,74,886
VI	Surplus / (Deficit) : Exceptional items			
VII	Surplus / (Deficit) before extraordinary items and tax (V-VI)		4,73,28,341	4,73,74,886
VIII	Add / (Less) : Extraordinary items			
IX	Surplus / (Deficit) before tax (VII-VIII)		4,73,28,341	4,73,74,886
X	Tax expense: (1) Current tax (2) Tax relating to earlier year Total tax expenses (X)		-	-
XI	Surplus / (Deficit) for the year (IX-X)		4,73,28,341	4,73,74,886
	Earnings per Unit (Face value per Unit Rupees 1,000/-):	29		
	(1) Basic		43	44

Notes 1 to 14 form part of the special purpose financial statements.

In terms of our report attached.
For M/s Lakhani & Co. LLP
Chartered Accountants
Firm Reg. No. 105524W / W - 100031


Parag Modi
Partner
Membership No. 114105

Place: Mumbai
Date : April 17, 2015



For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)


Authorised Signatory

ITNL Road Investment Trust Scheme I
Cash Flow Statement for the year ended March 31, 2015

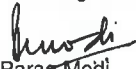
Rs.

	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest and Share of Associates	4,73,28,341	4,73,74,886
Adjustments for :-		
Dividend income	(4,78,09,836)	(4,78,09,836)
Excess provisions written back		
Operating profit before Working Capital Changes	(4,81,495)	(4,34,950)
Adjustments changes in working capital:		
Increase in Trade receivables	-	
(Decrease) / Increase in other assets & loans and advances (current and non current)	11,232	431
Increase in liabilities (current and non current)		
Cash Generated from Operations	(4,70,263)	(4,34,519)
Direct Taxes paid (Net)		
Net Cash generated from Operating Activities (A)	(4,70,263)	(4,34,519)
Cash flow from Investing Activities		
Purchase of investments Call Option (net)	-	(1,24,69,000)
Dividend received	4,78,09,836	4,78,09,836
Net Cash used in Investing Activities (B)	4,78,09,836	3,53,40,836
Cash flow from Financing Activities		
Proceeds from Issue of Unit Capital		1,25,00,000
Distribution of Surplus	(4,68,09,836)	(4,78,09,836)
Net Cash generated from Financing Activities (C)	(4,68,09,836)	(3,53,09,836)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	5,29,737	(4,03,519)
Cash and Cash Equivalent at the beginning of the year	4,53,518	8,57,037
(+)(-) Impact of foreign currency translation		
(+)(-) Impact of acquisition / sale of subsidiaries / Jointly controlled entities		
Cash and Cash Equivalent at the end of the year	9,83,255	4,53,518
Net Increase / (Decrease) in Cash and Cash Equivalents	5,29,737	(4,03,519)

Components of Cash and Cash Equivalents		
Cash on hand	-	
Balances with Banks in current accounts	9,83,255	4,53,518
Balances with Banks in deposit accounts	-	
	9,83,255	4,53,518
Unpaid Dividend Accounts	-	
Bank balances held as margin money or as security against borrowings	-	
Cash and Cash Equivalents as per Balance Sheet	9,83,255	4,53,518

Notes 1 to 14 form part of the special purpose financial statements.

In terms of our report attached.
For M/s Lakhani & Co. LLP
Chartered Accountants
Firm Reg. No. 105524W / W - 100031


Parag Modi
Partner
Membership No. 114105



Place: Mumbai
Date : April 17, 2015

For IL&FS Trust Company Limited
(Trustee of ITNL Road Investments trust Scheme I)


Authorised Signatory

SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL Road Investment Trust Scheme I

Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 1 :

A. Background

The **ITNL Road Investments Trust'** (Trust) has been settled on February 22, 2007 by IL&FS Transportation Network Limited (Holding Company). **ITNL Road Investments Trust – Scheme I** (Scheme) has been established as a unit scheme of the "The ITNL Road Investments Trust".

B. Significant Accounting Policies

I. Basis of Accounting:

The Financial Statements have been drawn up for the limited purpose of enabling IL&FS Transportation Networks Limited ("ITNL"), the holding company, to prepare its consolidated financial statement and are consistent with the accounting policies of ITNL as received along with the Group Referral Instructions. In the opinion of the management, all adjustments which are necessary for a fair presentation of the reporting package have been carried out.

II. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements, the reported income and expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

III. Investments:

Investments are capitalised at actual cost including costs incidental to acquisition, net of dividend received (net of tax) attributable to the period prior to acquisition of investment.

Investments are classified as long term or current at the time of making such investments.

Long term investments are held by the Trust as strategic non-trade capital asset and not as a stock in trade or current investment.

Long term investments are individually valued at cost, less provision for diminution that is other than temporary.

Current investments are valued at the lower of cost and market value.

IV. Recognition of Revenue

- (a) Revenue is accounted for on accrual basis. Revenue is recognised when no significant uncertainty on measurability and collectability exists.



SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL Road Investment Trust Scheme I

Notes forming part of the Financial Statements for the year ended March 31, 2015

- (b) Revenue is recognised when it is realised or realisable and earned. Revenue is considered as realised or realisable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Dividend Income is recognised as an when the right to receive the dividend is established i.e. on the declaration of dividend by the Investee Company

V. Provisions, Contingent Liabilities and Contingent Assets:

- (a) A provision is recognised when the trust has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- (b) Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.
- (c) These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (d) Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.
- (e) A contingent asset is neither recognised nor disclosed.

VI. Earnings Per unit:

Basic earnings per unit is calculated by dividing the net profit after tax for the year attributable to unit holders of the trust by the weighted average number of units in issue during the year.

VII. Derivative Transactions:

Option Price paid on acquisition of option contracts is treated as a current asset or non-current until maturity.

VIII. Cash and Cash Equivalents:

Cash and bank balances, and current investments that have insignificant risk of change in value and original duration of up to three months, are included in the Trust's cash and cash equivalents in the Cash Flow Statement.

IX. Cash Flow Statement:

The Cash Flow Statement is prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 on "Cash Flow Statement".



ITNL Road Investment Trust Scheme I

Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 2: Unit capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Rs.	Number	Rs.
Unit Capital of Rupees 1000/- each 1096061.80 units (Previous year 1096061.8) Units of Rs.1000/- (Refer footnote)	10,96,061.800	1,09,60,61,800	10,96,061.800	1,09,60,61,800
Total	10,96,061.80	1,09,60,61,800	10,96,061.80	1,09,60,61,800

Foot Notes:

i. Of the above 1096061.800 units are held solely IL&FS Transportation Networks Limited (As at March 31, 2014 1096061.800).

ii. Reconciliation of the number of units outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Units Capital		Unit Capital	
	No. of Units	Rs.	No. of Units	Rs.
Units outstanding at the beginning of the year	10,96,061.800	1,09,60,61,800	10,83,561.800	1,08,35,61,800
Units issued during the year	-	-	12,500.000	1,25,00,000.00
Units bought back during the year	-	-	-	-
Units outstanding at the end of the year	10,96,061.800	1,09,60,61,800	10,96,061.800	1,09,60,61,800

iii. Unitholding more than 5% shares

Name of Unitholder	As at March 31, 2015		As at March 31, 2014	
	No. of Units held	% of total holding	No. of Units held	% of total holding
IL&FS Transportation Networks Limited	10,96,061.800	100%	10,96,061.800	100%
Total	10,96,061.800	100%	10,96,061.800	100%

Note 3: Reserves and surplus

Particulars	As at March 31, 2015		As at March 31, 2014	
	Rs.	%	Rs.	%
Income & Expenditure Account				
Opening balance	79,37,938		83,72,888	
(+) Surplus for the current year	4,73,28,341		4,73,74,886	
(-) Distribution	(4,68,09,836)	84,56,443	(4,78,09,836)	79,37,938
Total		84,56,443		79,37,938



(Handwritten signature)

ITNL Road Investment Trust Scheme I
Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 4: Non-current investments

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Trade Investment				
i) Equity Investments in Subsidiaries				
a) North Karnataka Expressway Ltd ("NKEL") (Refer Footnote) 478,09,836 shares of Face Value ` 10 each (Previous year 478,09,836 shares of Face Value ` 10 each)	77,53,03,089		77,53,03,089	
b) AndhraPradesh Expressway Ltd ("APEL") 249,38,000 shares of Face Value ` 10 each (Previous year 249,38,000 shares of Face Value ` 10 each)	24,93,80,000	1,02,46,83,089	24,93,80,000	1,02,46,83,089
Total		1,02,46,83,089		1,02,46,83,089

Footnote :

The above investment includes 38,60,456 equity shares of NKEL purchased from IL&FS Infrastructure Equity Fund ("IIEF") being the legal owners of the shares. The shares are pending to be transferred in the name of Trust.

The vendor of shares was economical beneficiary of the shares but was not the member of the NKEL. The transfer of shares will be effected only after approval received from the National Highway Authority of India

Note 5: Other non-current assets

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Call Option Premium for Equity Shares (Refer Note : 9)				
Unsecured considered good	7,91,25,889		7,91,25,889	
Unsecured considered doubtful	-	7,91,25,889	-	7,91,25,889
Total		7,91,25,889		7,91,25,889

Note 6: Cash and cash equivalents

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Cash and cash equivalents				
Cash on hand				
Balances with Banks in current accounts	9,83,255		4,53,518	
Balances with Banks in deposit accounts		9,83,255		4,53,518
Total		9,83,255		4,53,518



A

ITNL Road Investment Trust Scheme I
Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 7: Other income

Particulars	For the year ended March 31,		For the year ended March 31,	
	2015		2014	
(a) Dividend		4,78,09,836		4,78,09,836
		4,78,09,836		4,78,09,836

Note 8: Administrative and general expenses

Particulars	For the year ended March 31,		For the year ended March 31,	
	2015		2014	
Auditors remuneration (Refer Footnote)	2,56,522.00		2,08,990.00	
Trusteeship Fees	2,24,720.00		2,24,720.00	
Bank Charges	252.79		240.00	
Miscellaneous expenses	-	4,81,494.79	1,000.00	4,34,950.00
		4,81,495		4,34,950

Footnote:

Break up of Auditors remuneration :

Sr No	Description	Rs.	
		As at March 31, 2015	As at March 31, 2014
1	For Audit	32,500	32,500
2	For Taxation Mater	-	10,000
3	For Other Services	1,95,804	1,43,500
4	Service Tax on Above	28,218	22,990



4

ITNL Road Investment Trust Scheme I
Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 8: Earnings per Unit

Particulars	Unit	Rs.	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Surplus / (Deficit) after Tax for the year		4,73,28,341	4,73,74,886
Profit available for Unitholders		4,73,28,341	4,73,74,886
Weighted number of Units outstanding	Numbers	1096061.800	1083801.526
Nominal Value of Unit		1000	1000
Basic Earnings per Unit		43.18	43.71

Note 9: Derivatives - Call Options

(a) The amounts outstanding as at march 31 , in respect of derivative transactions are summarized below:

Category	No of instruments	Call option price outstanding (open interest)	Exercise price payable
Call option of Equity Shares in a subsidiary (NKEL) bought from IL&FS	38,60,421 (38,60,421)	3,66,73,999 (3,66,73,999)	19,30,211 (19,30,211)
Call option of Equity Shares of APEL (bought from IL&FS)	44,68,620 (44,68,620)	4,24,51,890 (4,24,51,890)	22,34,310 (22,34,310)

- (b) prices paid by the Group towards call options purchased by it have been aggregated under the head "Option price Assets" and classified as a part of "Other Non-Current Assets" and "Other Current Assets".
- (c) As per Various Call option Agreements dated March 14, 2007, in the event of Material Breach Committed by the trust, the Call option price paid by the is non-refundable. Further, if the Call Option is not exercised by the Trust, then the right in Call option shall lapse and the call option price will have to be written off.
- (d) The Call Option Period for availing option in case of both Equity Shares of NKEL and APEL is Till the expiry of Concession Period as specified in Concession Agreement. Incase of NKEL it is December 31, 2019 and in case of APEL it is September 14, 2026.



A

ITNL Road Investment Trust Scheme I
Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 10: Related Party Statement

a Name of related parties and description of relationship

Nature of Relationship	Name of Entity	Acronym used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited	IL&FS
Holding Company	IL&FS Transportation Network Limited	ITNL
Subsidiaries	North Karnataka Expressway Limited	NKEL
	Andhra Pradesh Expressway Limited	APEL
Company having Significant Influence over the Trust	IL&FS Trust Company Limited	ITCL

b Transactions / Balances with related parties as mentioned (a) above

Account head	Name of Entity	Rs.	
		As at March 31, 2015	As at March 31, 2014
Balances:			
Unit Capital	IL&FS Transportation Network Limited	1,09,60,61,800	1,09,60,61,800
Investment in Equity Shares	North Karnataka Expressway Limited	77,53,03,089	77,53,03,089
	Andhra Pradesh Expressway Limited	24,93,80,000	24,93,80,000
Call Option Premium (APEL)	Infrastructure Leasing & Financial Services Limited	3,66,73,999	3,66,73,999
Call Option Premium (NKEL)	Infrastructure Leasing & Financial Services Limited	4,24,51,890	4,24,51,890
Account head	Name of Entity	For the year ended March 31, 2015	For the year ended March 31, 2014
Transactions:			
Unit Capital Contribution received during year	IL&FS Transportation Network Limited	- Nil -	1,25,00,000
Investment in Equity shares of APEL	Andhra Pradesh Expressway Limited	- Nil -	24,93,80,000
Premium paid on Exercise of Call Option of APEL	Infrastructure Leasing & Financial Services Limited	- Nil -	63,59,190
premium paid on Exercise of Call Option of APEL	IL&FS Transportation Network Limited	- Nil -	61,09,810
Trusteeship Fees	IL&FS Trust Company Limited	2,00,000	2,00,000
Service tax on Trusteeship Fees		24,720	24,720
Dividend Income	North Karnataka Expressway Limited	4,78,09,836	4,78,09,836
Income distributed To beneficiary	IL&FS Transportation Network Limited	4,68,09,836	4,78,09,836



A

SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL Road Investment Trust Scheme I

Notes forming part of the Financial Statements for the year ended March 31, 2015

Note 11 : Segment Information

The Trust is engaged in Investment activity and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 – “Segment Reporting” have not been made.

Note 12 : The Trust has entered into call option agreement with IL&FS for purchase of 38,60,421 equity shares of NKEL

As per the agreement all income received by IL&FS during the call option period until exercise of option towards the shares mentioned therein is set aside by them in a separate account on behalf of the trust

During the current year dividend of ` 38,60,421/- has been declared and paid on NKEL shares covered by the call option.

This dividend will accrue and be receivable to the trust only on and simultaneously with exercise of the call option by the trust. The cumulative balance of such dividend is ` 77,20,842/- as at March 31, 2015.

Note 13 : The sole beneficiary of the Scheme is IL&FS Transportation Network Ltd., Scheme is a definite (non-discretionary) private trust under Income Tax Act, 1961. As the income will be taxable in the hands of beneficiary, provision for Income Tax and no provision for or recognition of deferred tax need not made.

Note 14 : Figures for the previous year have been regrouped, reclassified where necessary, to conform to the classification of the current year.

For IL&FS Trust Company Ltd
(Trustee of ITNL Road Investment Trust - I)


Authorised Signatory



Place: Mumbai
Date : April 17, 2015