

**ITNL OFFSHORE PTE. LIMITED**

**ANNUAL REPORT**

**2011-12**

**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
ITNL OFFSHORE PTE. LTD.**

**Report on the Special Purpose Financial Statements for the year ended March 31, 2012**

We have audited the accompanying financial statements of **ITNL OFFSHORE PTE. LTD.** ("the Company"), which comprise the Balance Sheet as at March 31, 2012, and the Statement Profit and Loss and the Cash Flow Statement for the period from November 29, 2011 to March 31, 2012 then ended and a summary of the significant accounting policies and other explanatory information ("the Special Purpose Financial Statements"). These Special Purpose Financial Statements have been prepared by the Management of the Company based on Group Referral Instructions dated March 20, 2012 issued by the auditors of IL&FS Transportation Networks Limited (ITNL) ("Parent Company").

**Management's Responsibility for the Special Purpose Financial Statements**

The Company's Management is responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting policies as mentioned in the Group Referral Instructions. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatements, 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 conducted our audit in accordance with the standards on auditing generally accepted in India and the Group Referral Instructions. 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 auditor's 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 auditor considers internal controls relevant to the Company's preparation

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# Deloitte Haskins & Sells

and fair presentation of the Special Purpose Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

## 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 of the Company are prepared, in all material respects, in accordance with the accounting principles generally accepted in India and Group Referral Instructions.

## Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the Special Purpose Financial Statements which describes that the Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria as given in the Group Referral Instructions for inclusion in the consolidated financial information 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 Company and the Parent Company and should not to be distributed to or used by parties other than the Company or the Parent Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)



Kalpesh J. Mehta  
Partner  
(Membership No. 48791)

MUMBAI, April 24, 2012  
KJM/NDU

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**ITNL OFFSHORE PTE. LTD.**

**Balance Sheet As At March 31, 2012**

**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)**

Equivalent ₹

	Particulars	Note	As At	
			March 31, 2012	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>			
	(a) Share capital	<b>2</b>	2,614,251	
	(b) Reserves and surplus	<b>3</b>	(492,331)	<b>2,121,920</b>
<b>2</b>	<b>CURRENT LIABILITIES</b>			
	(a) Other current liabilities	<b>4</b>	101,546	<b>101,546</b>
	<b>TOTAL</b>			<b>2,223,466</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>CURRENT ASSETS</b>			
	(a) Cash and cash equivalents	<b>5</b>	2,130,361	
	(b) Other current assets	<b>6</b>	93,105	<b>2,223,466</b>
	<b>TOTAL</b>			<b>2,223,466</b>

Notes 1 to 11 form part of the special purpose financial statements.

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants



Kalpesh J. Mehta  
Partner

Mumbai  
Date : April 24, 2012

For and on behalf of the Board



Director



Director

Mumbai  
Date : April 24, 2012



SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL OFFSHORE PTE. LTD.

Statement of Profit and Loss for the Period from November 29,2011 to March 31, 2012

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)

Equivalent ₹

Particulars		Note	For the period from November 29, 2011 to March 31, 2012
	Revenue from operations		-
I	Total revenue (I)		-
II	Expenses		
	Administrative and general expenses	7	434,608
	Total expenses(II)		434,608
III	Loss before taxation (II-I)		(434,608)
IV	Tax expense		-
	Total tax expenses		-
V	Loss for the period (III-IV)		(434,608)
	Earnings per equity share (Face value per share USD 1/-) Basic and Diluted	8	(8.69)

Notes 1 to 11 form part of the special purpose financial statements.

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants



Kalpesh J. Mehta  
Partner

Mumbai  
Date : April 24, 2012

For and on behalf of the Board



Director



Director

Mumbai  
Date : April 24, 2012

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## SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL OFFSHORE PTE. LTD.

Cash Flow Statement for the period from November 29, 2011 to March 31, 2012

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&amp;FS TRANSPORTATION NETWORKS LIMITED)

Particulars	For the period from November 29, 2011 to March 31, 2012	
	Equivalent ₹	
Loss before tax		(434,608)
<b>Adjustments for :-</b>		
Foreign currency translation reserve		(57,723)
<b>Adjustments for changes in Working Capital</b>		
Increase / (Decrease) in other current assets		(93,105)
Increase / (Decrease) in other current liabilities		101,546
<b>Cash generated from / (used in) Operations</b>		(483,890)
Direct Taxes paid (net)		-
<b>Net cash flow used in operating activities (A)</b>		<b>(483,890)</b>
<b>Cash flow from Investing Activities</b>		-
<b>Net cash flow from investing activities (B)</b>		-
<b>Cash flow from Financing Activities</b>		
Proceeds from issue of equity shares		2,614,251
<b>Net cash from financing activities (C)</b>		<b>2,614,251</b>
<b>[I] Net increase in cash and cash equivalents (A+B+C)</b>		<b>2,130,361</b>
<b>[II] Cash and cash equivalents at the beginning of the year</b>		-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [I+II] (Note No. 5)</b>		<b>2,130,361</b>

Notes 1 to 11 form part of the special purpose financial statements.

In terms of our report attached.

For Deloitte Haskins &amp; Sells


Kalpesh J. Mehta  
PartnerMumbai  
Date : April 24, 2012

For and on behalf of the Board



Director

Director

Mumbai  
Date : April 24, 2012

**SPECIAL PURPOSE FINANCIAL STATEMENTS  
ITNL OFFSHORE PTE. LTD.**

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

**Note 1 - Significant accounting policies**

**1 Basis for preparation of Special Purpose Financial Statements**

The special purpose financial statements have been prepared for the limited purpose of preparation of the consolidated financial statements of the holding Company, IL&FS Transportation Networks Limited ("ITNL"), under the historical cost convention, in accordance with the policies stipulated by ITNL, the holding company and other accounting standards as applicable to ITNL. All income and expenditure having a material bearing on the financial information are recognised on an accrual basis.

**2 Use of estimates**

The preparation of special purpose 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 special purpose 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 special purpose financial statements are prudent and reasonable. Actual results could differ from these estimates.

**3 Cash and Cash Equivalents**

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

**4 Cash Flow Statements**

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

**5 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company 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. 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the special purpose financial statements. A contingent asset is neither recognised nor disclosed.

**6 Foreign Currency Transactions**

Transactions in currencies other than the Company's functional currency (US\$) are initially recorded in the functional currency, by applying to the foreign currency amount the exchange rate at the date of the transaction. At each balance sheet date outstanding foreign currency monetary items are translated using the exchange rate prevailing on that date. Non-monetary items that are measured in terms of historical cost are not restated at the reporting date.

Exchange gains or losses arising on the settlement of monetary items and on restatement of monetary items are recognised as income or as expenses in the period in which they arise. When a diminution on a non-monetary item is recognised in the Profit and Loss Account, any exchange component of that gain or loss is also recognised in the Profit and Loss Account.

Since these financial statements of the Company have been prepared for the limited purpose of inclusion in preparing of the consolidated financial statements of the immediate holding company viz. IL&FS Transportation Networks Limited, the assets and liabilities, both monetary and non-monetary except Shareholder's fund, are translated into Indian Rupees at the closing exchange rate. Income and expense items are translated into Indian Rupees at average exchange rate for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve.

**7 Earnings per Share**

Basic earnings per share is calculated by dividing the net profit/(loss) after tax for the period attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the period.

Diluted earnings per share is calculated by dividing the net profit/(loss) after tax for the period attributable to equity shareholders of the company by the weighted number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**8 Taxes on Income:**

The tax currently payable is based on taxable income for the period. Taxable income differs from income as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or that has been substantively enacted by the end of the reporting period. Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**ITNL OFFSHORE PTE. LTD.**

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

**Note 2: Share capital**

Particulars	As at March 31, 2012	
	Number	Equivalent ₹
<b>Authorised</b> 50,000 Equity Shares of USD 1/- each	50,000	2,614,251
<b>Issued, Subscribed and Paid up</b> 50,000 equity shares of USD. 1/- each fully paid up	50,000	2,614,251
<b>Total</b>	<b>50,000</b>	<b>2,614,251</b>

**Foot Notes:**

i. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012	
	Equity Shares	
	No. of Shares	Equivalent ₹
Shares outstanding at the beginning of the period	-	-
Shares issued during the period	50,000	2,614,251
Shares bought back during the period	-	-
Shares outstanding at the end of the period	<b>50,000</b>	<b>2,614,251</b>

ii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2012	
	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited - Holding company	50,000	100%
<b>Total</b>	<b>50,000</b>	<b>100%</b>

**Footnote:**

Of the above 50,000 equity shares are held by the Holding company viz. IL&FS Transportation Networks Limited, whose ultimate holding company is Infrastructure Leasing & Financial Services Limited.

**Note 3: Reserves and surplus**

Particulars	Equivalent ₹	
	As at March 31, 2012	
<b>(a) Foreign currency translation reserve</b>		
Opening balance	-	-
Addition during the period	(57,723)	(57,723)
<b>(b) Debit Balance in Statement of Profit and Loss</b>		
Opening balance	-	-
(+) Loss for the period	(434,608)	(434,608)
(-) Transfer to general reserve	-	(434,608)
<b>Total</b>		<b>(492,331)</b>

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SPECIAL PURPOSE FINANCIAL STATEMENTS  
ITNL OFFSHORE PTE. LTD.

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

Note 4: Other current liabilities

Particulars	Equivalent ₹	
	As at March 31, 2012	
Trade Payables	101,546	101,546
<b>Total</b>		<b>101,546</b>

Note 5: Cash and bank balances

Particulars	Equivalent ₹	
	As at March 31, 2012	
Cash and cash equivalents		
Cash on hand	-	
Balance in Current accounts	2,130,361	2,130,361
<b>Total</b>		<b>2,130,361</b>
<b>Note:</b> Of the above, the balance that meets the definition of Cash and Cash Equivalent as per AS - 3 Cashflow Statements is		<b>2,130,361</b>

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**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**ITNL OFFSHORE PTE. LTD.**

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

**Note 6: Other current assets**

Particulars	Equivalent ₹	
	As at March 31, 2012	
Prepaid expenses		93,105
<b>Total</b>		<b>93,105</b>

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**SPECIAL PURPOSE FINANCIAL STATEMENTS  
ITNL OFFSHORE PTE. LTD.**

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

**Note 7: Administrative and general expenses**

Equivalent ₹

Particulars	Period from November 29, 2011 to March 31, 2012	
	Legal and consultation fees	161,176
Bank commission	2,993	
Registration expenses	262,023	
Directors' fees	8,416	
		<b>434,608</b>



**SPECIAL PURPOSE FINANCIAL STATEMENTS**

ITNL OFFSHORE PTE. LTD.

Notes forming part of the special purpose financial statements for the period November 29, 2011 to March 31, 2012.

**Note 8 Earnings per equity share**

Particulars	Unit	Year ended March 31, 2012
Profit available for Equity Shareholders	Equivalent ₹	(431,608)
Weighted average number of Equity Shares outstanding during the period	Numbers	50,000
Nominal Value of equity shares	USD	1.00
Basic and Diluted Earnings per share	Equivalent ₹	(8.69)

**Note 9 Segment Reporting**

As per para 1 of AS - 17 as notified under the Companies (Accounting Standards) Rules, 2006, Segment reporting is applicable to the General Purpose financial statements. These financials have been prepared for the limited and specific purpose of inclusion in the Consolidated Financial Statements of IL&FS Transportation Networks Limited and hence disclosure requirements as per AS-17 under Segment Reporting are not applicable.

**Note 10 Related party disclosures**

Name of related parties	Description of relationship
Infrastructure Leasing & Financial Services Limited ("IL&FS")	Ultimate Holding Company:
IL&FS Transportation Networks Limited ("ITNL")	Intermediate Holding Company:
During the period under consideration, there were no transactions with any of the fellow subsidiaries.	

**Note 11 Previous year**

Figures for the previous year have not been given as the company was incorporated on November 29, 2011 and these are the first special purpose financial statements drawn up of the company.

For and on behalf of the Board



Director



Director

Mumbai

Date: April 24, 2012