

**BADARPUR TOLLWAY OPERATIONS
MANAGEMENT
LIMITED**

ANNUAL ACCOUNTS

2011-12

Kalpesh J Mehta/ Nishit Udani,
Deloitte Haskins & Sells, Mumbai

This letter is provided in connection with your audit of consolidated Financial Statement (the "financial Statement") of **IL&FS Transportation Networks Limited** (the "Company") and its subsidiaries (collectively referred to as the "ITNL Group") as of March 31, 2012 and for the year then ended to enable you to express an opinion on the Consolidated Financial Statements and Results of the Group for the year ended March 31, 2012, prepared in accordance with the requirements of Clause 41 of the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed.

We acknowledge receipt of your instructions dated March 20, 2012 requesting us to perform the specified work on the financial information of Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year then ended.

We confirm that:

1. We will be able to comply with the instructions.
2. The instructions are clear and that we understand them.
3. We will cooperate with you and provide you with access to relevant information and/or documentation.
4. We will use the format of the reporting that you have included in your referral instructions when reporting to you.

We also acknowledge that:

1. The financial information of Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year then ended, will be included in the consolidated financial information of ITNL as of March 31, 2012 and for the year then ended.
2. You may consider it necessary to be involved in the work you have requested us to perform on the financial information of Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year then ended.
3. You intend to review and, if considered appropriate, use our work performed on the financial information of Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year ended, for purposes of the audit of the Consolidated financial Statement of ITNL as of March 31, 2012 and for the year then ended.

In connection with the work that we will perform on the financial Statement as of March 31, 2012 and for the year then ended of Badarpur Tollway Operations Management Limited, a subsidiary company of ITNL, we confirm the following:

1. Our quality control system complies with Standard on Quality Control 1, remedial action is taken promptly in relation to issues identified in the monitoring program, and there are no issues from recent monitoring reports that are likely to have a significant effect on the work that we will perform.



2. We have the appropriate professional qualifications and competence sufficient to fulfill our responsibilities in the review of the Group financial statements.
3. We have an understanding of and will comply with the requirements of the *Professional Ethics* issued by the ICAI, including the independence requirements, national ethical requirements applicable to the review of the Group's financial statements, and the quality control policies and procedures as defined in your Group referral instructions.
4. We have an understanding of Standard on Review Engagements and the additional procedures outlined by you in your referral instructions that you have informed us will ensure compliance with **Indian Generally Accepted Auditing Standards** sufficient to fulfill our responsibilities in the review of the Group financial statements and will conduct our work on the financial information of Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year then ended in accordance such standards.
5. We possess the skills (e.g. industry specific knowledge) necessary to perform the work on the financial information of the particular component.
6. We will retain our working papers for seven years following the date of issuance of the Group financial statements.

Your primary contact on the component engagement team is Mr. Naresh Agrawal.

During the performance of the engagement, the component engagement team can be contacted at:

Phone : +91-9818069114, 011-42591834

Fax : 011-26145222

E-mail: nagrawal@llca.net

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N
New Delhi



Akhilesh Gupta
Partner
(M. No. 89909)
Date: March 25, 2012
Place: New Delhi

Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

Contact Information for Component Auditor Engagement Team

The following table includes information for key members of each component auditor engagement team:

Component	Name	Position	Phone	E-mail
Badarpur Tollway Operations Management Limited	Akhilesh Gupta	Partner	011-42591802 9810077370	agupta@llca.net
	Naresh Agrawal	Partner	011-42591834 9818069114	nagrawal@llca.net



Mr. Kalpesh J Mehta,
Deloitte Haskins & Sells,
Mumbai

Group Name:	IL&FS Transportation Networks Limited	Period end:	March 31, 2012
Name of Entity:	Badarpur Tollway Operations Management Limited		

In accordance with your referral instructions in respect of the review of **IL&FS Transportation Networks Limited**, there is no difference in the accounting policies followed by the Company.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N



Akhilesh Gupta
Partner
(M. No. 89909)
Date:
Place: New Delhi
Date: April 5, 2012

To
The Board of Directors
Badarpur Tollway Operations Management Limited

Report on the financial statement for the year ended

We have audited the accompanying financial statement of **Badarpur Tollway Operations Management Limited** ("the Company") which comprise of the Balance Sheet as at March 31, 2012, the statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information. These financial statements have been prepared by the Management based on Group Referral Instructions issued by the auditors of IL&FS Transportation Networks Limited (ITNL) ("Parent Company")

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 controls relevant to the Company's preparation and fair presentation of the 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 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 financial statements of the Company give a true and fair view in conformity with the accounting principles generally accepted in India and Group Referral Instructions:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

Not applicable

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 37 to the financial statements which describes that the 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 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 Luthra & Luthra
Chartered Accountants
Reg. No. 002081N



Akhilesh Gupta
Partner
M.No. 89909

Date: 18 April 2012
Place: New Delhi

To: **Deloitte Haskins & Sells, Mumbai, India**

In accordance with the GRI, we have performed an audit of the financial information included in the Reporting Package of Badarpur Tollway Operations Management Limited for the year ended March 31, 2012 using Generally Accepted Auditing Standards pronounced by the Institute of Chartered Accountants of India.

The Group Referral Instructions is the responsibility of Badarpur Tollway Operations Management Limited's management. As stated therein, the Reporting Package has been prepared in accordance with accounting principles generally accepted in India (Indian GAAP) as adopted by the Group for inclusion in the consolidated financial statements of ITNL and are intended solely for that purpose.

We have complied with requirements of the professional ethics issued by ICAI including independence and professional competency as applicable to the audit of the Group's financial statements.

In accordance with such instructions and as a result of the audit procedures which we have performed, accompanying this communication are the following:

- Audit summary memorandum, which includes, among other matters, significant matters that we have communicated or expect to communicate to management and those charged with governance of Badarpur Tollway Operations Management Limited, and any other matters that we believe may be relevant to the audit of IL&FS Transportation Network Limited
- Summary of uncorrected misstatements and disclosure misstatements
- Indicators of possible management bias Not applicable
- Description of any identified deficiencies in internal control over financial reporting at the component level Not applicable
- A confirmation that procedures have been performed related to subsequent events up to the date of this communication along with any findings from those procedures.
- Issues for your consideration for inclusion in your communication with legal counsel
- Issues for your consideration for inclusion in the group written representation letter
- All detected or suspected instances of fraud

This communication is provided to you solely for the information and use of ITNL Group to assist you in your audit of the consolidated financial statements of ITNL for the period / year ended March 31, 2012. It should not be distributed to anyone in the Group, any of its components, or any other third party.

For **Luthra & Luthra**
Chartered Accountants
Reg. No. 002081N
New Delhi

Akhillesh Gupta

Partner

M.No. 89909

Place: New Delhi

Date: 18-April-2012

To: Deloitte Haskins & Sells, Mumbai, India

In accordance with the GRI, we have audited, for purposes of your audit of the consolidated financial statements of ITNL, the accompanying reporting package of Badarpur Tollway Operations Management Limited as of for the year ended March 31, 2012.

Management's Responsibility for the Special Purpose Financial Statements

Management is responsible for the preparation and presentation of this special purpose financial Statements in accordance with Group Referral Instructions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial statements have been prepared solely to enable ITNL to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards pronounced by the Institute of Chartered Accountants of India and GRI. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the entity's preparation and presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by 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.

In our opinion, the accompanying special purpose financial statements for Badarpur Tollway Operations Management Limited as of March 31, 2012 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in the referral instruction issued by ITNL dated March 20, 2012.

Restriction on Use and Distribution

This special purpose financial statements have been prepared for purposes of providing information to ITNL to enable it to prepare the consolidated financial statements of the group. As a result, 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 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 Luthra & Luthra
Chartered Accountants
Reg. No. 002081N



Akhilesh Gupta

Partner

M.No. 89909

Place: New Delhi

Date: 18 April 2012

Particulars	Note	As At	
		March 31, 2012	March 31, 2011
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share capital	2	500,000	500,000
(b) Reserves and surplus	3	2,389,573	809,208
(c) Money received against share warrants			-
		2,889,573	1,309,208
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 MINORITY INTEREST			
4 PREFERENCE SHARES ISSUED BY SUBSIDIARY TO MINORITY			
5 ADVANCE TOWARDS CAPITAL TO SUBSIDIARY BY MINORITY	4		
6 NON-CURRENT LIABILITIES			
(a) Long-term borrowings	5		-
(b) Deferred tax liabilities (Net)	7		-
(c) Long-term provisions	8	355,127	40,087
		355,127	40,087
7 CURRENT LIABILITIES			
(a) Current maturities of long-term debt			
(b) Current maturities of finance lease obligations			
(c) Trade payables	9	8,050,780	9,130,784
(d) Other current liabilities	10	1,335,553	936,145
(e) Short-term provisions	11	306,067	40,051
		9,692,400	10,106,980
TOTAL		12,937,100	11,456,275
II ASSETS			
1 NON CURRENT ASSETS			
(a) Fixed assets	12		
(i) Tangible assets		47,592	50,723
(b) Non-current investments	13		-
(c) Goodwill on consolidation			
(d) Deferred tax assets (Net)	7	167,143	60,407
(e) Long-term loans and advances	15		-
(f) Other non-current assets	17		-
		167,143	60,407
2 CURRENT ASSETS			
(a) Current investments	14		
(b) Inventories	19		
(c) Trade receivables	20	8,914,520	-
(d) Cash and bank balances	21	2,542,654	10,826,774
(e) Short-term loans and advances	16	1,265,191	718,371
(f) Other current assets	18		
		12,722,365	11,345,145
TOTAL		12,937,100	11,456,275

Notes 1 to 37 form part of the consolidated financial statements.

In terms of our report attached.
For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Akhlesh Gupta
Partner
M.No. 89909

Place: New Delhi
Date: 18-April-2012

For and on behalf of the Board

Director Director

Vice President



BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED
Statement of Profit and Loss for the Year Ended March 31, 2012

Particulars	Note	Year ended March 31, 2012	Year ended March 31, 2011
I Revenue from operations	23	69,687,000	23,232,000
II Other income	24	33,186	37,115
III Total revenue (I + II)		69,720,186	23,269,115
IV Expenses			
Cost of materials consumed	25	-	-
Operating expenses	26	57,685,548	18,749,063
Employee Cost	27	7,621,563	1,600,778
Finance costs	28	-	-
Other Expenses	29	2,100,149	1,627,964
Preliminary / Miscellaneous Expenditure Written Off			
Depreciation and amortization expense		25,858	120,242
Provision for diminution in value of investments			
Total expenses		67,433,118	22,098,047
V Profit before exceptional and extraordinary items and tax (III-IV)		2,287,068	1,171,068
VI Add / (Less) : Exceptional items		-	-
VII Profit before extraordinary items and tax (V-VI)		2,287,068	1,171,068
VIII Add / (Less) : Extraordinary items		-	-
IX Profit before taxation (VII-VIII)		2,287,068	1,171,068
X Tax expense:			
(1) Current tax		(813,439)	(422,267)
(2) Tax relating to earlier period		-	-
(3) Deferred tax		106,736	60,407
Total tax expenses (X)		(706,703)	(361,860)
XI Profit from continuing operations before consolidation adjustment (IX-X)		1,580,365	809,208
Less: Share of profit transferred to minority interest		-	-
Add / Less : Share of profit / (loss) of associates (net)		-	-
XII Profit from Continuing operation after consolidation adjustment		1,580,365	809,208
XIII Profit / (Loss) from discontinuing operations		-	-
XIV Tax expense of discontinuing operations		-	-
XV Profit / (Loss) from Discontinuing operations (after tax) (XIII-XIV)		-	-
XVI Profit for the period (XII-XV)		1,580,365	809,208
Earnings per equity share (Face value per share Rupees 10/-):	30		
(1) Basic (Not Annualised)		31.61	16.18
(2) Diluted (Not Annualised)			

Notes 1 to 37 form part of the consolidated financial statements.

In terms of our report attached.

For Luthra & Luthra
Chartered Accountants
Reg. No. 0020818


Anilesh Gupta
Partner
M.No. 89909

Place: New Delhi

Date: 18 April 2012

For and on behalf of the Board


Director


Director


Vice President



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 2: Share capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number		Number	
Authorised Equity Shares of Rupees 10/- each	50,000	500,000	50,000	500,000
Issued Equity Shares of Rupees 10/- each	50,000	500,000	50,000	500,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)	50,000	500,000	50,000	500,000
Total	50,000	500,000	50,000	500,000

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		As at March 31, 2011	
	Equity Shares		Equity Shares	
	No. of Shares	Rs.	No. of Shares	Rs.
Shares outstanding at the beginning of the period / year	50,000	500,000	-	-
Shares issued during the period / year	-	-	50,000	500,000
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / year	50,000	500,000	50,000	500,000

ii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Network Limited	50,000	100.00%	49,994	99.99%
IL&FS Employee Welfare Trust	-	-	-	-
Total	50,000	100%	49,994	100%



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 3: Reserves and surplus

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Securities Premium Account				
Opening balance	-		-	
(+) Securities premium credited on Share issue	-		-	
(-) Premium utilised for various reasons	-		-	
(b) General Reserve				
Opening balance	-		-	
(+) Current year transfer	-		-	
(-) Written back in current year	-		-	
(c) Debenture Redemption Reserve				
Opening balance	-		-	
(+) Created during the year	-		-	
(-) Written back in current year	-		-	
(d) Capital Reserve				
Opening balance	-		-	
(+) Created during the year	-		-	
(-) Written back in current year	-		-	
(e) Other Reserves				
Foreign exchange fluctuation reserve	-		-	
Cash flow hedge reserve (refer foot note no. i)	-		-	
(f) Capital Reserve on Consolidation				
Opening balance	-		-	
(+) On account of acquisition / merger	-		-	
(-) Written back in current year	-		-	
(g) Profit / (Loss) Surplus				
Opening balance	809,208		-	
(+) Profit for the current period / year	1,580,365		809,208	
(-) Consolidation adjustment	-		-	
(-) Transfer to general reserves	-		-	
(-) Transfer to debenture redemption reserve	-		-	
(-) Dividends (including dividend tax)	-		-	
(-) Premium on preference shares of subsidiary	-		-	
(-) Tax on dividend and premium on preference shares of subsidiary	-		-	
		2,389,573		809,208
Total		2,389,573		809,208

Foot Note:

i. Cash flow hedge reserve

The movement in hedging reserve held by a subsidiary during the year ended March 31, 2012 for derivatives designated as Cash flow hedges is as follow:

Particulars	As at March 31, 2012	As at March 31, 2011
Balance at the beginning of the period / year		
Changes in the fair value of effective portion of outstanding cash flow derivatives		
Balance at the end of the period / year		



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 4: Advance towards capital

Particulars	Rupees in million	
	As at March 31, 2012	As at March 31, 2011
Total	-	-



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 5: Long-term borrowings

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Bonds / Debentures (refer foot note no. i)				
(i) Secured				
Non convertible debentures	-	-	-	-
Deep discount bonds	-	-	-	-
(ii) Unsecured				
Non convertible debentures	-	-	-	-
Deep discount bonds	-	-	-	-
(b) Term Loans				
(i) Secured				
From banks (refer foot note no. ii)	-	-	-	-
From financial institutions	-	-	-	-
From others	-	-	-	-
(ii) Unsecured				
From banks	-	-	-	-
From financial institutions	-	-	-	-
From others	-	-	-	-
(c) Long term maturities of finance lease obligations □				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
Total				

Foot Notes:

- (i) Disclosures to be given as required by Revised Schedule VI



Note 6: Short-term borrowings

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Loans repayable on demand				
(i) Secured				
From banks	-	-	-	-
From financial institutions	-	-	-	-
From others	-	-	-	-
(ii) Unsecured				
From banks	-	-	-	-
From financial institutions	-	-	-	-
From others	-	-	-	-
(b) Short term loans				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
(c) Loans and advances from related parties				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
(d) Deposits				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
Total		-		-



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 7: Deferred tax liabilities (Net) and Deferred tax assets (Net)

The entity have net deferred tax liabilities or deferred tax assets aggregating _____ as at March 31, 2012 (previous year _____).

a) A breakdown of the components of deferred tax liabilities is furnished below:

Particulars	As at March 31, 2012	As at March 31, 2011
Liabilities:		
Timing differences in respect of income		
Timing differences in respect of depreciation		
Assets:		
Timing differences in respect of depreciation		
Timing differences in respect of employee benefits		
Timing differences in respect of unabsorbed depreciation and business losses		
Timing differences in respect of provision for doubtful debts		
Timing differences in respect of provision for overlay		
Net deferred tax liability		-

b) A breakdown of the components of deferred tax assets is furnished below:

Particulars	As at March 31, 2012	As at March 31, 2011
Assets:		
Timing differences in respect of depreciation	30,672	32,066
Timing differences in respect of employee benefits	129,284	18,760
Timing differences in respect of other items	7,187	9,581
Net deferred tax asset	167,143	60,407



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 8: Long-term provisions

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Provision for employee benefits	355,127	355,127	40,087	40,087
Total		355,127		40,087

Note9: Trade Payables

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Trade Payables				
From related parties	3,349,837		3,728,292	
From others	4,700,943	8,050,780	5,402,492	9,130,784
(b) Others				
Others				
Total		8,050,780		9,130,784

Note 10: Other current liabilities

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Statutory Liability	222,356		283,139	
(b) Other Expenses Payable	691,994		163,905	
(c) Salary & Wages Payable	421,203		222,015	
(d) Other liabilities	-	1,335,553	267,086	936,145
Total		1,335,553		936,145



Foot Note:

(i) The provision for contingency relates to _____

Particulars	As at March 31, 2012	As at March 31, 2011
Opening balance	-	-
Add : Provision made during the period / year		
Less : Provision utilised / reversed during the period / year	-	-
Closing balance	-	-

Note 11: Short-term provisions

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Provision for employee benefits:	306,067		40,051	
(b) Provision for tax (net of advance)	-	306,067	-	40,051
Total		306,067		40,051

Foot Note:

(i)

Movements in provision made for overlay are tabulated below:

Particulars	As at March 31, 2012	As at March 31, 2011
Opening balance		
Adjustment for new acquisition / exchange difference during the year		
Provision utilised during the year		
Provision made during the year		
Closing balance	-	-



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 12: Fixed assets

Particulars	Gross block			Accumulated depreciation			Balance as at March 31, 2012	Net block Balance as at March 31, 2012
	Balance as at April 1st 2011	Opening adjustments	Disposals	Balance as at March 31, 2012	Balance as at April 1st 2011	Opening adjustments		
a) Tangible assets								
Office equipments	114,525	-	-	137,252	83,136	-	112,404	24,848
Furniture and fixtures	36,205	-	-	36,205	19,101	-	21,558	14,647
Computers	20,235	-	-	20,235	8,005	-	12,138	8,097
Total	170,965	-	22,727	193,692	120,242	-	146,100	47,592

Foot Note:

i) Estimates under Service Concession Arrangement - Right under Service Concession Arrangements / Intangible assets under Developments

Under the Service Concession Arrangements, where the Group has received the right to charge users of the public services, such rights are recognized and classified as "Intangible Assets". Such a right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognized and classified as intangible assets. Such an intangible asset is recognized by the Group at cost (which is the fair value of consideration received or receivable for the construction services delivered). Accordingly, the fair value of consideration for construction services in respect of intangible assets covered under service concession arrangements of the Group, the useful lives of such intangible assets, the annual amortisation in respect thereof, and the provisions for over/lay costs have been estimated by the management having regard to the contractual provisions, the evaluations of the units of usage and other technical evaluations by independent experts, the key elements having been tabulated below.

Particulars	Upto / As at March 31, 2012	Upto / As at March 31, 2011
Margin on construction services recognised in respect of intangible assets (Rupees in million)		
Carrying amounts of intangible assets (Rupees in million)		
Amortisation charge in respect of intangible assets (Rupees in million)		
Units of usage (No. of vehicles)		
Provision for over/lay in respect of intangible assets (Rupees in million)		



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 13: Non-current investments

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Investment in Unquoted Equity Instruments - Associates Investment in associates Add: Unrealised gain on transactions between the Company and its associates Add: Post-acquisition share of profit / (loss) of associates Add: Post-acquisition share of movement in the capital reserves of an associate Less: Cash flow hedge reserve		-		-
(b) Investment in Unquoted Equity Instruments (fully paid)				
(c) Investment in Covered Warrants (refer foot note no. i)				
(d) Investment in Non Convertible Debentures				
(e) Investment in Others				
Less: Provision for diminution in the value of Investments				
Total		-		-

Foot Note:

(i) The investment in "Covered Warrants" aggregating Rupees _____ (Previous Year Rupees _____), issued by _____

The details are as under:

Particulars	Face Value	Number of shares	
		As at March 31, 2012	As at March 31, 2011
RIDCOR			
JARDCL			
CHDCL			
JRPICL			-

Note 14: Current investments

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Investment in Units				
Total		-		-



Note 15: Long-term loans and advances

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Capital Advances Unsecured, considered good		-		-
(b) Security Deposits Secured, considered good Unsecured, considered good		-		-
(c) Loans and advances to related parties Unsecured, considered good - Advance recoverable in cash or kind - related parties - Option premium assets - Long term loans		-		-
(d) Other loans and advances Unsecured, considered good - Advance recoverable in cash or kind - others - Loans to others		-		-
Total		-		-

Note 16: Short-term loans and advances

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Other loans and advances Unsecured, considered good - Advance payment of taxes (net of provision) - Advance to Staff & Imprest - CENVAT credit - Prepaid Expenses	841,388 25,414 258,018 140,371	1,265,191	117,450 23,186 545,931 31,804	718,371
Total		1,265,191		718,371

Note 17: Other non-current assets

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Long term Trade Receivables (Including trade receivables on deferred credit terms) Secured, considered good - Receivable under Service Concession Arrangement (refer note 19 foot note no. i) Unsecured, considered good - Toll Receivable account (refer foot note no. i) - Others		-		-
(b) Other non-current assets - Miscellaneous Expenditure (To the extent not written off or adjusted)		-		-
Total		-		-



Foot Note:

(i) Toll Receivable Account includes Rupees _____

Note 18: Other current assets

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Unbilled revenue				
(b) Interest accrued				
(c) Receivable under service concession arrangement (refer foot note no. 1)				
(d) Grant receivable from National Highway Authorities of India		-		-
Total		-		-

Foot Note:

(i) **Estimates under Service Concession Arrangement - Financial assets**

Under the Service Concession Arrangements, where the Group has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Financial Assets", even though payments are contingent on the Group ensuring that the infrastructure meets the specified quality or efficiency requirements. Such financial assets are classified as "Receivables against Service Concession Arrangement".

Accordingly, the fair value of consideration for construction services and the effective interest rate in the case of financial assets of the Group covered under service concession arrangements included as a part of "Receivables against Service Concession Arrangements" have been estimated by the management having regard to the contractual provisions, the evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof by independent experts, the key elements having been tabulated below:

Particulars	As at March 31, 2012	As at March 31, 2011
Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets		
Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangements		
Revenue recognised on Financial Assets on the basis of effective interest method		



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 19: Inventories

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Inventories				
(i) Raw materials				
(ii) Finished goods				
(iii) Stores and spares		-		-
Total		-		-

Note 20: Trade receivables

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured, considered good	8,914,520	8,914,520	-	-
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	-	-	-	-
Total		8,914,520		-

Note 21: Cash and bank balances

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Cash and cash equivalents				
Cash on hand	513,584		568,976	
Current accounts	2,029,070	2,542,654	10,057,798	10,626,774
(b) Other bank balances				
Fixed Deposits placed for a period exceeding 3 months		-		-
Total		2,542,654		10,626,774



Note 22: Contingent liabilities and capital commitments & Other information

A) Contingent liabilities :

Particulars (Name & description)	As at March 31, 2012	As at March 31, 2011
Guarantees issued on behalf of Group Companies		
Guarantees issued on behalf of Third parties		
Claims against the Group not acknowledged as debt		
Others (Please give description)		

B) Financial commitments pending to be executed :

Particulars (Name of party & description)	As at March 31, 2012	As at March 31, 2011

C) Operating commitments pending to be executed :

Particulars (Name of party & description)	As at March 31, 2012	As at March 31, 2011

D) Estimated amount of contracts remaining to be executed on capital and other account :

Particulars (Name of party & description)	As at March 31, 2012	As at March 31, 2011

E) Disclose the amount paid/Payable to Auditors :

Particulars (Name of party & description)	As at March 31, 2012	As at March 31, 2011
Luthra & Luthra Chartered Accountants		
Auditors	380,000.00	150,000.00
Taxation	125,000.00	-
Out of Pocket	20,000.00	-
	625,000.00	150,000.00



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 23: Revenue from operations

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
(a) Income from operations				
Operation & Maintenance Fees	69,687,000	69,687,000	23,232,000	23,232,000
		<u>69,687,000</u>		<u>23,232,000</u>

Note 24: Other income

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
(a) Other non-operating income				
Sale of Scrap (News Paper)	310		-	
Credit Balance W/Back	32,876		-	
Service Fee	-	33,186	37,115	37,115
		<u>33,186</u>		<u>37,115</u>

Note 25: Cost of materials consumed

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
(a) Material consumption				
(b) Cost of traded products		-		-
		<u>-</u>		<u>-</u>



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 26: Operating expenses

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Plaza Maintenance	56,197,014		18,397,699
Vehicle Running & Maint. (Patrolling & Maint.)	1,488,534	57,685,548	351,364	18,749,063
		57,685,548		18,749,063

Note 27: Employee Cost

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	(a) Salaries and wages	5,686,147		879,764
(b) Contribution to provident and other funds	580,777		105,761	
(c) Staff welfare expenses	1,354,639	7,621,563	615,253	1,600,778
		7,621,563		1,600,778



Footnote: (Disclosure to be given as per AS-15)

Net Benefit Expenses

	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Current service cost	74,849	13,642
Interest cost on benefit obligation	2,702	-
Expected return on plan assets	-	-
Net actuarial(gain)/loss recognised	19,284	-
Annual expenses	96,835	13,642

Benefit Asset/ (Liability)

Defined benefit obligation	110,477	13,642
Fair value of plan assets	-	-
Benefit Asset/ (Liability)	(110,477)	(13,642)

Changes in the present value of the defined benefit obligation:

Opening defined benefit obligation	13,642	-
Interest cost	2,702	-
Current service cost	74,849	13,642
Benefits Paid	-	-
Net actuarial(gain)/loss recognised in year	19,284	-
Closing defined benefit obligation	110,477	13,642

The principal assumptions used in determining pension and post-employment benefit obligations for the Company's plans are shown below:

Discount rate	8.25%	8.25%
Future salary increases	6.50%	6.00%
Mortality table used	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table



Note 30: Earnings per equity share

Particulars	Unit	Year ended March 31, 2012	Year ended March 31, 2011
Profit after tax and minority interest	Rupees	1,580,365	809,208
Profit available for Equity Shareholders	Rupees	1,580,365	809,208
Weighted number of Equity Shares outstanding	Numbers	50,000	50,000
Nominal Value of equity shares	Rupees	10	10
Basic/Diluted Earnings per share	Rupees	31.61	16.18

In the absence of clarity as to the impact of advance towards capital on the earnings of the Group, no adjustment has been made for potential dilution in computing diluted earnings per share.

Note 31: Previous period / year

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

Note 32: Disclosure in terms of Accounting Standard (AS) 7 – Construction Contracts

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Contract Revenue recognised as revenue during the year		
Aggregate amount of Contract Costs incurred during the year		
Profits during the year		
Advances received as at the year end		
Retention money as at the year end		
Gross amount due from customers for contract work, disclosed as asset, as at the year end		
Gross amount due to customers for contract work, disclosed as liability as at the year end		



Note 33 : Disclosure of Leases : (TO BE GIVEN FOR March 12 & March 11)

	Name of related Party/ Group Companies	Name of related Party/ Group Companies	Total (Related parties / Group Companies)	Others	Total
	(A)	(B)	(C=A+B)	(D)	(E=C+D)
I. Receipts					
(1) Finance Lease					
	Gross Investment in Lease				
	Unearned Finance Income				
	Net Present Value of Minimum Lease Payments				
NPV of MLP :					
	Not later than 1 year				
	Later than 1 year and not later than 5 years				
	Later than 5 years				
Gross Investment in Lease					
	Not later than one year				
	Later than 1 year and not later than five years				
	Later than 5 years				
(2) Operating Lease					
Minimum future lease receipts during non-cancellable periods is as follows:					
	a) not later than 1 year				
	b) later than 1 year & not later than 5 years				
	c) later than 5 years				
	Operating lease income earned during the year				
II. Payments					
(1) Finance Lease					
	Gross Investment in Lease				
	Unearned Finance Income				
	Net Present Value of Minimum Lease Payments				
NPV of MLP :					
	Not later than 1 year				
	Later than 1 year and not later than 5 years				
	Later than 5 years				
Gross Investment in Lease					
	Not later than one year				
	Later than 1 year and not later than five years				
	Later than 5 years				
(2) Operating Lease					
Minimum future lease payments during non-cancellable periods is as follows:					
	a) not later than 1 year				
	b) later than 1 year & not later than 5 years				
	c) later than 5 years				
	Operating lease expense incurred during the year				

Note 34 : Movement of MAT Credit for the period:

	March 31, 2012	March 31, 2011
Particulars		
Opening MAT Credit available		
Addition		
MAT Credit Availed during the year		
Closing MAT Credit available		

Note 35 : Details of Grant (For March 12 & March 11)

From	Purpose	Sanctioned Grant Amount	Received	Utilised	Unutilised



BADARPUR TOLLWAYS OPERATIONS MANAGEMENT LIMITED
Notes to Financial Statements for the year ended March 31, 2012

Note 36: Related Party Statement

(i) Holding Company
IL&FS Transportation Network Limited

Transactions/ Outstanding balances	Year ended March 31, 2012	Year ended March 31, 2011
Service fees	69,687,000	23,232,000
Recoverable as at the year end	8,914,520	-
Equity as at the year end	500,000	499,940

(ii) Company in which holding company has Substantial Interest
ITNL Toll Management Services Limited

Transactions/ Outstanding balances	Year ended March 31, 2012	Year ended March 31, 2011
Professional fees	16,702,212	7,403,700
Payable at the period end	3,349,837	3,728,272



BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

37.1 Background

Badarpur Tollway Operations Management Limited (BTOML) is a public limited company incorporated and domiciled in India on 23rd November, 2010 with its registered office at Toll Plaza, Mayur Vihar Link Road, Delhi, India.

BTOML has been incorporated to provide services and consultancy in the areas of operations, toll collections, routine and procedure maintenance, engineering, design, supply, installation, commissioning of toll and traffic management system. BTOML has started operations and management of Badarpur Faridabad Tollway (BFTL) Project w.e.f. 30th November, 2010.

These 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.

37.2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared on accrual basis of accounting and in accordance with the provisions of the Companies Act 1956 and comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

These financial statements have been drawn up in accordance with the going-concern principle and on a historical cost basis. The presentation and grouping of individual items in the balance sheet, the income statement and the cash flow statement are based on the principle of materiality.

(b) Significant accounting judgments and estimates

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(c) Fixed Assets

Fixed assets have been stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.



(d) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office Equipment	5 years
Furniture & Fixtures	7 years
Computers	3 years

Assets having worth of Rs. 5,000 or less are fully depreciated in the year of purchase itself.

(e) Impairment

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the management makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are 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 asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

(f) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(g) Employee costs

Wages, salaries, bonuses, social security contributions, paid annual leave and other benefits are accrued in the period in which the associated services are rendered by employees of the company.

The leave balance is classified as short term and long term based on the best estimates after considering the past trends. The short term leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected short term leave to be availed is valued at total cost to the Group. Long term leave has been valued on actuarial basis

The company has two retirement benefit plans in operation viz. Gratuity, Provident Fund. Provident Fund is defined contribution plans whereby the company has to deposit a fixed amount to the fund every month.

The Gratuity plan for the company is a defined benefit plan. The cost of providing benefits under gratuity is determined using the projected unit credit actuarial valuation method at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur.



(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Operation & Maintenance Fees is recognised on accrual basis in accordance with contractual rights.

(i) Expenditure

Expenditures have been accounted for on the accrual basis and provisions have been made for all known losses and liabilities.

(j) Taxes

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws. Current tax is determined based on the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences; being the difference between the taxable income and accounting income that originate in one accounting period and are capable of reversal in one or subsequent periods. Deferred income tax assets and liabilities are 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 tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets arising on unabsorbed depreciation or carry forward of tax losses are recognised to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

(k) Preliminary Expenditure

Preliminary expenditures have been written off in the period in which incurred.

(l) Earnings per Share

Basic earning per share is calculated by dividing net profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earning per share is calculated by dividing the net profit for the by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.



BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED
 Audit for the year ended March 31, 2012

Summary of Component Uncorrected Misstatements

Description of Misstatement	Nature of Misstatement	Cause of Misstatement	Indicate if Known or Likely Misstatement †	Account Balance	Workpaper Reference	Assets		Liabilities		Equity		Income		TOTAL
						Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
Current Year Misstatements						0	0	0	0	0	0	0	0	0
Prior Year Misstatements – Impacting Current Year						0	0	0	0	0	0	0	0	0
Total						0	0	0	0	0	0	0	0	0
Total Misstatements						0	0	0	0	0	0	0	0	0
Current Year - Known						0	0	0	0	0	0	0	0	0
Current Year - Likely						0	0	0	0	0	0	0	0	0
Prior Year – Impacting Current Year – Known						0	0	0	0	0	0	0	0	0
Prior Year – Impacting Current Year – Likely						0	0	0	0	0	0	0	0	0
Total - Known						0	0	0	0	0	0	0	0	0
Total - Likely						0	0	0	0	0	0	0	0	0
Total						0	0	0	0	0	0	0	0	0



BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED

Audit for the year ended March 31, 2012

Summary of Component Disclosure Deficiencies

Disclosure Number	Disclosure Title	Description of Disclosure Deficiency	Authoritative Literature Reference	Amount of Disclosure Deficiency (if applicable)	Nature of Misstatement	Cause of Misstatement	Management Response to Disclosure Deficiency
				NIL			
Total of Disclosure Deficiencies							0



DISCLOSURE DEFICIENCIES

INSTRUCTIONS

This form is used to accumulate and evaluate the impact of disclosure deficiencies identified during the audit engagement. This form will assist the engagement team in assessing whether identified disclosure deficiencies are material, individually or in the aggregate, on a quantitative or qualitative basis.

A disclosure deficiency is a reporting package disclosure related to the form, arrangement, content, and understandability of the reporting package and appended notes that meets any of the following criteria:

- The reporting package disclosure is not presented in conformity with the reporting requirements of the Group reporting package.
- The reporting package disclosure is presented in a manner that is unbalanced, unclear or is not easily understood
- The reporting package disclosure is omitted from the reporting package and is required to be disclosed to be in conformity with reporting requirements of the Group reporting package.

Reporting package disclosures include but are not limited to the terminology used in the reporting package, the amount of detail given in the reporting package, the classification of items in the reporting package, and the basis of amounts set forth in the reporting package.

This form is not meant to address reporting package disclosure issues that are solely typographical in nature.



SUMMARY OF DISCLOSURE DEFICIENCIES

Note: All items are to be entered in the following currency:
Note: Exchange rate used:

Unit	Disclosure Number	Disclosure Title	Description of Disclosure Deficiency	Authoritative Literature Reference/Reference to reporting requirement	Amount of Disclosure Deficiency (if applicable)	Management's Reason for Disclosure Deficiency (e.g., "not deemed material for disclosure.")
------	-------------------	------------------	--------------------------------------	---	---	---

NIL						
-----	--	--	--	--	--	--



EVALUATION OF DISCLOSURE DEFICIENCIES

DISCUSSION WITH MANAGEMENT:

Enter the date of our discussion with the appropriate level of management regarding the disclosure deficiencies we identified during our audit, as well as their response.

Not Applicable

QUANTITATIVE AND QUALITATIVE QUESTIONS:

Document below any qualitative and/or quantitative considerations regarding material disclosure deficiencies (individual or in the aggregate).

NIL

FRAUD OR ILLEGAL ACTS:

If any of the disclosure deficiencies appear to represent fraud or possible illegal acts, describe below, including your response(s).

NIL



Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

ISSUES FOR INCLUSION IN THE GROUP MANAGEMENT REPRESENTATION LETTER

Group / Parent Name:	IL&FS Transportation Networks Limited	Period ended:	March 31, 2012
Component Name:	Badarpur Tollway Operations Management Limited		

There are no items to be included in the Group management representation letter

For Luthra & Luthra
Chartered Accountants

Reg. No. 002081N



Akhilesh Gupta
Partner

(M. No. 89909)

Date: 18-April-2012

Place: New Delhi

Mr. Kalpesh J Mehta,
Deloitte Haskins & Sells,
Mumbai

Ref: Badarpur Tollway Operations Management Limited

We have carried out procedures in accordance with your referral instruction till 20th January, 2012

Material Adjusting Events Subsequent to Period-End

Insert adjusting events that are more than inconsequential to the group. State "none" if none have been identified.

NIL

Material Non adjusting Events Subsequent to Period-End

Insert non adjusting events that are more than inconsequential to the group. State "none" if none have been identified.

NIL

For Luthra & Luthra
Chartered Accountants

Reg. No. 002081N



Akhilesh Gupta

Partner

(M. No. 89909)

Date: 18 - April - 2012

Place: New Delhi

BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED
AUDIT FOR THE YEAR ENDED MARCH 31, 2012

Differences in Accounting Policies & Disclosure
Accounting Policies Differences

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

*only if impact as quantified or likely to be greater than Rs. 16.80 Mn

Indicate Accounting Policy followed by Component for the items not covered in Appendix F1

Accounting Policy of consolidating entity as per IGAAP

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
(M.No. 89909)

Place: New Delhi
Date: 18-April-2012

For Badarpur Tollway Operations Management Limited

Vice President

Place:
Date:



Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

L (Part 1) - Provision for Overlay

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

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

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

Particulars	As at March 31, 2012
Opening balance	
Adjustment for new acquisition	
Provision made during the year/period	
Provision utilised	
Adjustment on disposal of joint venture	
Closing balance as on	

For **Luthra & Luthra**
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
M.No. 89909
Place: New Delhi

For Badarpur Tollway Operations
Management Limited

Vice President

Place: New Delhi



Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

L (Part 2) - Estimates Used (Intangible Assets)

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

	Upto March 31, 2012
Margin on construction services recognised in respect of intangible assets (Rs.)	
Amortisation charge in respect of intangible assets (Rs.)	
Units of usage (No. of vehicles)	
	As at March 31, 2012
Carrying amounts of intangible assets (Rs.)	
Provision for overlay in respect of intangible assets (Rs.)	

Workings

Particulars	Amount Rs.
Opening Margins till March 31, 2011	
During the period under audit	
Construction Revenue	
Construction Cost	
Margin	-
Margins Recognised till the balance sheet date	-
Margin Percentage Applied on Construction Cost to recognise Construction Revenue	%

For **Luthra & Luthra**
 Chartered Accountants
 Reg. No. 002081N
 New Delhi



Akhilesh Gupta
 Partner
 M.No. 89909
 Place: New Delhi

For Badarpur Tollway Operations
 Management Limited

(Signature)
 Vice President



Place: New Delhi

Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

L (Part 3) - Estimates Used (Financial Assets)

As per the accounting policy followed by the Group, the fair value of consideration for construction services and the effective interest rate in the case of financial assets of the Group covered under service concession arrangements included as a part of "Receivables against Service Concession Arrangements" have been estimated by the management having regard to the contractual provisions, the evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof by independent experts, the key elements having been tabulated below:

	Upto / as at March 31, 2012 (Rupees)
Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets	
Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangements	
Revenue recognised on Financial Assets on the basis of effective interest method	

Workings

Particulars	Amount Rs.
March 31, 2011	
Opening Margins as per last year notes	-
Construction Revenue	
Construction Cost	
O & M Revenue	
O & M Cost	
Periodic Maintenance Revenue	
Periodic Maintenance Cost	-
Margin	
Margins Recognised till the balance sheet date	-

Receivable on SCA as at March 31, 2012

Margin Percentage Applied on Construction Cost to recognise Construction Revenue

%

Financial Income

Revenue recognised on Financial Assets on the basis of effective interest method

Amount Rs.

Up to March 31, 2009
 March 31, 2010
 March 31, 2011
 March 31, 2012

Total

For **Luthra & Luthra**
 Chartered Accountants
 Reg. No. 002081N

Akhilesh Gupta
 Partner
 M.No. 89909
 Place: New Delhi

For Badarpur Tollway Operations Management Limited

Vice President

Place: New Delhi

NOT APPLICABLE



Badarpur Tollway Operations Management Limited
Audit for the year ended March 31, 2012

L (Part 3) - Other Information

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

Particulars	Project 1	Project 2
Nature of Assets		
Year when SCA granted		
Period		
Extension of period		
Construction		
Premature Termination		
Special Term		
Brief description of Concession		

~~NOT APPLICABLE~~

For **Luthra & Luthra**
Chartered Accountants
Reg. No. 002081N



Akhilesh Gupta
Partner
M.No. 89909
Place: New Delhi

For Badarpur Tollway Operations
Management Limited

Vice President



Place: New Delhi

APPENDIX M

BADARPUR TOLLWAY OPERATIONS MANAGEMENT LIMITED

Shareholding Pattern as at March 31, 2012

S. No.	Name of the Shareholder	No of Shares Held	% Holding
1	IL&FS Transportation Network Limited	50,000	100
	Total	50,000	

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

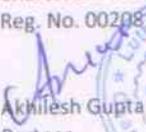
Akhilesh Gupta
Partner
(M.No. 89909)
Place: New Delhi
Date: 18 April 2012

For Badarpur Tollway Operations Management Limited


Vice President
Place:
Date:

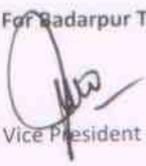

Date of Transfer	No. of Equity Shares	Transaction price	Details of Purchaser/Investor / Seller	NAV calculation as on date of the transaction
19-Apr-11	1		IL&FS Transportation Networks Limited / Monisha Mocedo	
19-Apr-11	1		IL&FS Transportation Networks Limited / Sindhu Nair	
19-Apr-11	1		IL&FS Transportation Networks Limited / Rajiv Jain	
19-Apr-11	1		IL&FS Transportation Networks Limited / Krishna Ghag	
19-Apr-11	1		IL&FS Transportation Networks Limited / Anwar A. Abbasi	
19-Apr-11	1		IL&FS Transportation Networks Limited / Pooja Agarwal	

For Luthra & Luthra
 Chartered Accountants
 Reg. No. 0020814


 Akhilesh Gupta
 Partner
 (M.No. 89909)
 Place: New Delhi
 Date: 18-April-2012



For Badarpur Tollway Operations Management Limited


 Vice President

Place:
 Date:



Group Name:	IL&FS Transportation Networks Limited	Period end:	Year Ended 31 March, 2012
Component Name:	Badarpur Tollway Operations Management Limited		

SIGNIFICANT CHANGES IN THE ENTITY AND ITS ENVIRONMENT

Indicate and/or explain in detail any significant changes that have come to your attention subsequent to your completion of the Planning Memorandum and that have caused you to change your audit plan.

NIL

SUMMARY OF AUDIT APPROACH

We conducted our audit in accordance with the auditing standards generally accepted in India. Audit has been performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation.

SUMMARY OF ACTUAL FINANCIAL RESULTS**Profit and Loss Statement**

P & L Statement Line Item	Current-Period Balance	Prior-Period Balance	Monetary Difference	% Difference	Explanation of material fluctuations
Income from Operation	69,687,000	23,232,000	46,455,000	199.96%	Company was in operation for part of the period in last year
Other Income	33,186	37,115	(3,929)	-10.59%	Non material
Operating Expenses	57,685,548	19,406,300	38,279,248	197.25%	Company was in operation for part of the period in last year
Employee Cost	7,621,563	1,600,778	6,020,785	376.12%	Company was in operation for part of the period in last year & due to new joinees

Depreciation & Amortisation Expense	25,858	120,242	(94,384)	-78.50%	Company was in operation for part of the period in last year
Other Expenses	2,100,149	970,727	1,129,422	116.35%	Company was in operation for part of the period in last year
PBT	2,287,068	1,171,068	1,116,000	95.30%	
Tax	706,703	361,860	344,843	95.30%	
PAT	1,580,365	809,208	771,157	95.29%	

Balance Sheet

Insert below the summarized balance sheet information for the current and prior periods. Verify that the information entered below reconciles to the reporting package sent to the group engagement team.

Balance Sheet Line Item	Current-Period Balance	Prior-Period Balance	Monetary Difference	% Difference	Explanation of material fluctuations
Share Capital	500,000	500,000	-	0.00%	
Reserve & Surplus	2,389,573	809,208	1,580,365	195.30%	Profit during the year
Non Current Liabilities	355,127	40,087	315,040	785.89%	Due to provisions for Employee Benefits
Trade Payables	8,050,780	9,130,784	(1,080,004)	-11.83%	
Other Current Liabilities	1,335,553	936,145	399,408	42.67%	
Short Term Provisions	306,067	40,051	266,016	664.19%	Due to Employee Benefits payable
Fixed Asset	47,592	50,723	(3,131)	-6.17%	
Deferred tax asset	167,143	60,407	106,736	176.69%	Due to above Reasons



<u>Current assets</u>					
(a) Trade Receivables	8,914,520	-	8,914,520	-	Non collection of last month billing
(b) Cash & Bank Balances	2,542,654	10,626,774	(8,084,120)	-76.07%	Non collection of last month billing
(c) Short Term Loans & Advances	423,803	600,921	(177,118)	-29.47%	
(d) Other Current Assets	841,388	117,450	723,938	616.38%	Due to deduction of TDS

SUMMARY OF SIGNIFICANT RISKS IDENTIFIED

Significant Risks to the Group

These risks should include those noted during planning (i.e., during the risk assessment process) and any further risks noted during testing (i.e., during the further procedures).

Significant Risk	Account Balance(s) Class(es) of Transaction or Disclosure(s) Affected	Procedures Performed	Risk Addressed (Yes/No)
NIL			

ISSUES RELATING TO FRAUD AND COMPLIANCE WITH LAWS AND REGULATIONS

Indicate below any items identified relating to fraud and compliance with laws and regulations, including your response and any additional procedures performed.

NIL

SUMMARY OF GOING CONCERN REVIEW INCLUDING CONCLUSION

Summarize the going concern review, including any conclusions reached.

Going concern assumption is considered to be appropriate
--

SUBSEQUENT EVENTS



Indicate below the results of your subsequent events review (up to the date of your clearance memorandum) and your conclusions regarding the effect of subsequent events, if any, on the Group financial statements.

NIL

SIGNIFICANT MATTERS FOR COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE AND/OR MANAGEMENT OF THE GROUP

Describe any significant matters that need to be communicated to those charged with governance or to Group management.

NIL

DEFICIENCIES IN INTERNAL CONTROL

NIL

SPECIAL INSTRUCTIONS FOR THE GROUP

NIL

OTHER MATTERS OF SIGNIFICANCE TO THE GROUP

Such matters may include but are not limited to the following:

- Possible restatement for correction of an error affecting revenue, net income, or net worth
- Disagreements or differences in professional judgment among the engagement team members and/or with others from the member firms
- "Whistle-blower" letters relating to the reporting package, financial accounting, or other matters covered by our opinion
- Matters relating to litigation and claims
- Issues relating to the consolidation/reporting package preparation process.



NIL

SCOPE ASSESSMENT

The scope of our **audit procedures** performed on the component's financial information and the evidence obtained was appropriate and sufficient to support our clearance, based on the materiality level established by you.

OVERALL EVALUATION OF MISSTATEMENTS

For a detailed description of the misstatements (including their nature and cause), refer to Appendix G the "Numeric Misstatements," which was forwarded to you.

Our overall conclusion reached in our evaluation of misstatements, including disclosure deficiencies:

The unadjusted misstatements, including disclosure deficiencies, are immaterial, based on the materiality level established by you. Nothing has come to our attention that leads us to believe that the reporting package is materially misstated.

CONCLUSIONS ABOUT OUR ASSESSMENT OF ENGAGEMENT RISK AND ENGAGEMENT CONTINUANCE

Based on our **audit** of the component's financial information performed, there has been no change in our preliminary assessment of engagement risk. Accordingly, we have tentatively concluded that we should continue to serve this component and perform the engagement.

For Luthra & Luthra
Chartered Accountants

Reg. No. 002081N



Akhilesh Gupta
Partner

(M. No. 89909)

Date: 18-April-2012

Place: New Delhi

Appendix S - Other Information in relation to Revised Schedule VI Disclosures:

Mr. Kalpesh J Mehta,
Deloitte Haskins & Sells,
Mumbai

Group Name:	IL&FS Transportation Networks Limited	Period end:	March 31, 2012
Name of Entity:	Badarpur Tollway Operations Management Limited		

- (1) **Terms of Borrowings are as under: (Provide separate details for Long-term Borrowings and Short-term Borrowings)**

	Amount of loan	Security details	Interest Rates	Tenure	Installment amount	Year of repayment
---Not Applicable---						

- (2) **The default in repayment of interest and instalment of loans as at March 31, 2012 are: (Provide separate details for Long-term Borrowings and Short-term Borrowings)**

Name of the Bank	Nature of dues	Amount	Due date	Date of payment
---Not Applicable---				

- (3) **Age-wise analysis of borrowings are as below: (Provide separate details for Long-term Borrowings and Short-term Borrowings)**

Particulars	As at March 31, 2012		As at March 31, 2011	
	Related Party	Others	Related Party	Others
More than One Year upto Three Years	---Not Applicable---			
More than Three Year upto Five Years				
More than Five Years				
Total				



(4) Details of Finance Costs :

(Rupees)

Particulars	FY 2011-12		FY 2010-11	
	Related Party	Others	Related Party	Others
Interest Expense				
Other Finance Charges				
Loss on Foreign Currency Transaction				
Total				

Interest Cost include	FY 2011-12		FY 2010-11	
	Related Party	Others	Related Party	Others
Interest On Debenture	---Not Applicable---			
Interest on Fixed Loans				
Interest on ICD				
Interest Others				
Total				

