

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF ITNL INFRASTRUCTURE DEVELOPER LLC

I) Report on the Special Purpose Financial Statements, Hyperion Package and other deliverables as per the referral instructions

We have audited the accompanying (a) special purpose financial statements of **ITNL INFRASTRUCTURE DEVELOPER LLC** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period May 4, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information; and (b) Hyperion Package, including all the appendices and other deliverables as listed in the referral instructions (GRI) (referred to as the "Reporting Package"). The special purpose financial statements and Reporting Package have been prepared by the Management of the Company based on the Group Referral Instructions (GRI) dated **March 18, 2016** issued by the Management of IL&FS Transportation Networks Limited (ITNL) ("Parent Company").

II) Management's Responsibility for the Special Purpose Financial Statements and the Reporting Package

- 1) The Company's Board of Directors is responsible for the preparation of these special purpose financial statements and the Reporting Package that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act"), as applicable and the accounting policies as mentioned in the GRI and in accordance with the format of special purpose financial statements and the Reporting Package as given in the GRI and Hyperion System.
- 2) This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; application of appropriate accounting policies as mentioned in GRI; 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 financial statements and the Reporting Package that give a true and fair view and are free from material misstatement, whether due to fraud or error.



III) Auditor's Responsibility

- 1) Our responsibility is to express an opinion on these special purpose financial statements and the reporting package based on our audit.
- 2) We have taken into account the accounting and auditing standards and matters which are required to be included in the audit report as per the format given by the parent company's auditor.
- 3) We conducted our audit of the special purpose financial statements and the Reporting Package in accordance with the GRI issued by ITNL, Referral Instructions issued by Deloitte Haskins & Sells LLP, parent company auditors and in accordance with the Standards on Auditing specified under Section 143(10) of the Act and in accordance with the materiality of Rs.300,000. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and Reporting Package are free from material misstatement.
- 4) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements and reporting package. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and reporting package, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements and reporting package that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements and reporting package.
- 5) 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 and reporting package.

IV) 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 and the reporting package give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and GRI, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the period ended on that date.

VI) Restriction on Distribution and Use

The special purpose financial statements, reporting package and our report is intended solely for the Company, the Parent Company and the auditors of the Parent Company for their



Deloitte Haskins & Sells LLP

consideration into the audit of Consolidated Financial Statements and should not be distributed to or used by parties other than the Company, the Parent Company and the auditors of the Parent Company.

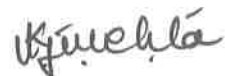
VII) Other Matters

1. We also report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c) In our opinion, the aforesaid special purpose financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- d) With respect to the other matters to be included in the Auditor's Report, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Our opinion is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(ICAI Registration No. 117366W/W-100018)



Kalpesh J. Mehta
(Partner)
(Membership No. 48791)

MUMBAI, April 21, 2016
KJM / NDU

Special Purpose Financial Statements
ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI
Balance Sheet as at March 31, 2016

Equivalent ₹

	Particulars	Note	As at March 31, 2016	
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share capital	2	-	
	(b) Reserves and surplus	3	(15,799,389)	(15,799,389)
2	SHARE APPLICATION MONEY PENDING ALLOTMENT			2,648,573
3	CURRENT LIABILITIES			
	(a) Trade Payables		20,014,114	20,014,114
	TOTAL			6,863,298
II	ASSETS			
1	NON CURRENT ASSETS			
	(a) Fixed assets			
	(i) Capital work-in-progress	7	3,160,041	
	(b) Long-term loans and advances (net)	4	2,945,860	6,105,901
2	CURRENT ASSETS			
	(a) Cash and cash equivalents	6	696,263	
	(b) Short-term loans and advances	5	61,134	757,397
	TOTAL			6,863,298

Note 1 to 14 forms part of special purpose financial statements

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



Kalpesh J. Mehta
Partner

Mumbai
Date : April 21, 2016



Director

Dubai
Date : April 21, 2016



Director

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Special Purpose Financial Statements

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Statement of Profit and Loss for the period from May 4, 2015 to March 31, 2016

Equivalent ₹

	Particulars	Note	For the period from May 4, 2015 to March 31, 2016
I	Revenue from operations		-
II	Other income		-
III	Total revenue (I + II)		-
IV	Expenses		
	Employee benefits expense	8	8,189,850
	Administrative and general expenses	9	7,429,151
	Total expenses		15,619,001
V	Loss for the period (III - IV)		(15,619,001)
	Earnings per equity share	10	

Note 1 to 14 forms part of special purpose financial statements

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



Kalpesh J. Mehta
Partner

Mumbai
Date : April 21, 2016

For and on behalf of the Board


Director

Director



Dubai
Date : April 21, 2016






Special Purpose Financial Statements

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Statement of Profit and Loss for the period from May 4, 2015 to March 31, 2016

Equivalent ₹

Particulars	For the period from May 4, 2015 to March 31, 2016
Cash Flow from Operating Activities	
Loss Before Taxes	(15,619,001)
Operating profit before Working Capital Changes	(15,619,001)
<u>Adjustments changes in working capital:</u>	
(Increase) in long term and short term loans and advances	(2,972,641)
Increase in trade payables	16,661,626
Cash used in Operations	(1,930,017)
Net Cash used in Operating Activities (A)	(1,930,017)
Cash flow from Investing Activities	
Additions to fixed assets and capital work in progress	(3,123,958)
Payable on account of capital asset	3,123,958
Net Cash used in Investing Activities (B)	-
Cash flow from Financing Activities	
Proceeds from Share Application money	2,618,330
Net Cash generated from Financing Activities (C)	2,618,330
Increase in Cash and Cash Equivalents (A+B+C)	688,313
Cash and Cash Equivalent at the beginning of the period	-
(+) Impact of forex differences	7,950
Cash and Cash Equivalent at the end of the period	696,263
Increase in Cash and Cash Equivalents	688,313
Components of Cash and Cash Equivalents	
Cash on hand	165,989
Balances with Banks in current accounts	530,274
Cash and Cash Equivalents as per Balance Sheet	696,263
Note 1 to 14 forms part of special purpose financial statements	
In terms of our report attached. For Deloitte Haskins & Sells LLP Chartered Accountants	For and on behalf of the Board
 Kalpesh J. Mehta Partner	 Director  Director
Mumbai Date : April 21, 2016	Dubai Date : April 21, 2016

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Special Purpose Financial Statements

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 1A Company and Operation

ITNL Infrastructure Developer LLC was incorporated on May 4, 2015 as a limited liability company in Dubai, United Arab Emirates. The object of incorporating this Company is to take PPP infrastructure business in the UAE and the Middle-east. The source of income will be from project management consultancy services, success fees and concession contracts etc.

The authorised share capital of the Company is AED 300,000 and the shares shall be subscribed as follows:

49% by ITNL International Pte Ltd., based in Singapore which is the wholly owned subsidiary of IL&FS Transportation Networks Limited.

51% by Mak Holdings LLC

The Company has incurred losses aggregating to equivalent ₹ 15,619,001 for the period from May 4, 2015 to March 31, 2016 and as at March 31, 2016.

Note 1B : Significant Accounting Policies

I Basis for preparation of Financial Statements

The primary books of account of the Company are prepared and maintained as per the Local GAAP. These Special Purpose financial Statements have been specifically prepared in accordance with the Accounting Principles generally accepted in India, including the Accounting Standard prescribed under Section 133 of the Companies Act 2013, as applicable. The accounting policies followed in the preparation and presentation of the Special Purpose Financial Statements are consistent with those followed by IL&FS Transportation Networks Limited ("ITNL") (the Intermediate Holding Company) i.e. the accounting principles generally accepted in India and also the accounting policies given in the Group Referral Instructions issued by ITNL. The functional currency of the company is AED.

These special purpose financial statements have been prepared for the limited purpose of inclusion in the preparation of the consolidated financial statements of ITNL and these special purpose financial statements have been prepared in Indian Rupees (Reporting Currency) in accordance with the principles for conversion laid down in Accounting Standard -11 notified under the Rules.

II 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 Contingent Liabilities) as of the date of the special purpose financial statements and the reported Income and Expenses during the reporting period. 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. Any Change in such estimates is recognised prospectively.

III Fixed Assets and Depreciation/Amortisation

(a) Tangible assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the location and in working condition for its intended use.

The useful lives of the tangible assets as determined by the Company are as stated below:

(i) All tangible assets are depreciated on a Straight Line Depreciation Method, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para (ii) below, as included in the accounting policy of ITNL Group

(ii) Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013 based on internal technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

a) Data Processing Equipment – Server and Networking equipment are depreciated over a period of 4 years

b) Mobile Phones and I pad / Tablets are fully depreciated in the year of purchase

c) Specialised office equipment's are depreciated on Straight Line Method over a period of three years

d) Vehicles purchased by the company for employees, are depreciated over a period of five years

e) Assets provided to employees are depreciated over a period of three years

f) Leasehold improvement costs are capitalised and amortised over the period of lease agreement

g) All categories of assets costing less than Equivalent ₹ 5,000/- each are fully depreciated in the year of purchase.

IV 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 financial statement. A contingent asset is neither recognised nor disclosed.



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SPECIAL PURPOSE FINANCIAL STATEMENTS
ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

V Foreign Currency Transactions

Transactions in foreign currencies (other than the Company's functional currency) are translated to the functional currency based on the exchange rate on the date of the transaction. Exchange difference arising on settlement thereof during the period is recognised as income or expense in the Statement of Profit and Loss.

Foreign currency (other than company's functional currency) denominated cash and bank balances, receivables (other than those that are in substance the Company's net investment in a non integral foreign operation), and liabilities (monetary items) outstanding as at the period end are revalued to the functional currency rate as at period end and unrealised translation differences are included in the Statement of Profit and Loss.

Since these special purpose financial statements have been prepared for the purpose of inclusion in the preparation of the consolidated financial statements of ITNL, the assets and liabilities, both monetary and non - monetary have been translated into Indian Rupees at the closing exchange rate. Income and expense items are translated into Indian Rupees at the average exchange rate for the period. The equity share capital has been translated into Indian Rupees at the historical exchange rates. All resulting exchange differences are accumulated in a foreign currency translation reserve.

VI Cash and Cash Equivalents

Cash comprises of Cash on Hand, Cheques on Hand and demand deposits with Banks. Cash Equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value.

VII 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 Statements as notified under the Rules.

VIII Lease Accounting

Leases of assets where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

IX Earnings per Share

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

X Employee Benefits

Provision for employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

XI Revenue Recognition

The Company's service offering includes management services. 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, services provided, the sale price / contract price is fixed or determinable and collectability is reasonably assured.

XII Taxation

No Tax is Applicable to Business Profits as per Dubai Law.



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Special Purpose Financial Statements

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 2: Share capital

Particulars	As at March 31, 2016	
	Number	Equivalent ₹
Authorised Equity Shares of AED 1,000/- each	300,000	NOT APPLICABLE
Issued, Subscribed and allotted	-	-
Total	-	-

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, 2016	
	No. of Shares	Equivalent ₹
Shares outstanding at the beginning of the period	-	-
Shares issued during the period	-	-
Shares outstanding at the end of the period	-	-

ii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2016	
	No. of Shares held	% of total holding
ITNL International Pte. Ltd., Singapore	-	100%
Total	-	100%

iii. Rights and Preferences

As per Memorandum of Association dated April 22, 2015 between ITNL International Pte. Ltd., Singapore and Other shareholder article, "(14) Dividends and Reserve, the net profits of the Company and losses shall be distributed among shareholders in following proportion

ITNL International Pte. Ltd., Singapore	70%
Mak Holdings LLC	30%

Also IIPL has four directors in the Board (Management) of the Company out of Six Directors in the Board of the Company and hence IIPL controls the Company through the composition of Board of Directors and accordingly is a subsidiary of ITNL International Pte. Ltd.

Note 3: Reserves and surplus

Particulars	As at March 31, 2016	
		Equivalent ₹
(a) Foreign currency translation reserve		
Opening balance	-	
Created during the period	(180,388)	(180,388)
(b) Deficit In Statement of Profit and Loss		
Opening balance	-	
Loss for the current period	(15,619,001)	(15,619,001)
Total		(15,799,389)



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SPECIAL PURPOSE FINANCIAL STATEMENTS
ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 4: Long-term loans and advances

Equivalent ₹

Particulars	As at March 31, 2016	
Security Deposits Unsecured, considered good		2,945,860
Total		2,945,860

Note 5: Short-term loans and advances

Equivalent ₹

Particulars	As at March 31, 2016	
(a) Other loans and advances Unsecured, considered good - Prepaid expenses	61,134	61,134
Total		61,134

Note 6: Cash and cash equivalents

Equivalent ₹

Particulars	As at March 31, 2016	
Cash and cash equivalents Cash on hand Balance in Current Account	165,989 530,274	696,263
Total		696,263



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Special Purpose Financial Statements
 ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI
 Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 7: Fixed assets

Particulars	Gross block (at cost)				Depreciation and Amortisation			Net block	
	Balance as at April 1, 2015	Additions	Deletions	Balance as at March 31, 2016	Balance as at April 1, 2015	Charge for the period	Deletions	Balance as at March 31, 2016	Equivalent ₹
Capital Work In progress	-	3,160,041	-	3,160,041	-	-	-	3,160,041	
Grand Total	-	3,160,041	-	3,160,041	-	-	-	3,160,041	

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SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31,

Note 8: Employee benefit expenses

Equivalent ₹

Particulars	For the period from May 4, 2015 to March 31, 2016	
(a) Salaries, Wages and allowances		7,776,279
(b) Employee End-of-Service Indemnity Expense		413,571
Total		8,189,850

Note 9: Administrative and general expenses

Equivalent ₹

Particulars	For the period from May 4, 2015 to March 31, 2016	
Rent	4,729,024	
Travelling and conveyance	218,416	
Licence fees	610,534	
Office Administration Expenses	539,160	
Business Promotion Expenses	88,703	
Recruitment Expenses	748,094	
Audit Fees	484,444	
Total		7,429,151



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SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 10: Earnings per equity share

The Company has received share application money from IIPL amounting to AED 147,000 (equivalent Rs. 2,648,573) on March 21, 2016. The other shareholder (i.e., Mak Holdings LLC) has not contributed its share of application money till March 31, 2016 and hence, the allotment of shares is not done. Since no equity shares are issued by the Company as on the said date, the calculation of Earnings per Share has not been made.



SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 11: Related Party Disclosure

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
Immediate Holding Company	ITNL International Pte. Ltd.	I IPL
Intermediate Holding Company	IL&FS Transportation Networks Limited	ITNL
Key Management Personnel	K Ramchand Director	
	Mukund Sapre Director	
	Ravi Sreehari (Managing Director)	
Fellow Subsidiaries(Only with whom there are transaction during the period)	ITNL International DMCC	IIDMCC

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

Account head	Name of Entity	As at March 31, 2016	Equivalent ₹
Balances:			
Trade Payable	IIDMCC		20,014,114
Account head	Name of Entity	For the period from May 4, 2015 to March 31, 2016	
Transactions:			
Salaries	IIDMCC		8,189,850
Rent	IIDMCC		4,729,024
Travelling and conveyance	IIDMCC		218,416
Licence fees	IIDMCC		610,534
Office Administration Expenses	IIDMCC		539,160
Business Promotion Expenses	IIDMCC		88,703



SPECIAL PURPOSE FINANCIAL STATEMENTS
ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI
Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016
Note 12: Contingent liabilities and capital commitments

- A) Contingent liabilities : NIL
- B) Financial commitments pending to be executed : NIL
- C) Other commitments pending to be executed : NIL
- D) Estimated amount of contracts remaining to be executed on capital and other account : NIL

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SPECIAL PURPOSE FINANCIAL STATEMENTS

ITNL INFRASTRUCTURE DEVELOPER LLC, DUBAI

Notes forming part of Special Purpose Financial Statements for the period from May 4, 2015 to March 31, 2016

Note 13 : Segment Information

The Company is in the business of Project Management Consultancy Services as such all activities undertaken by the Company are incidental to the main business and thus the Company operates in single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments, disclosure required under the Accounting Standard (AS) 17 - "Segment Reporting" has not been made.

Note 14: Previous Period

This being the first financial statement of the Company, there are no comparative figures for the previous period.



For and on behalf of the Board


Director


Director

Dubai
Date : April 21, 2016

