

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular dated 24 March 2015 (the “**Offering Circular**”). In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to CLSA Limited, Australia and New Zealand Banking Group Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (the “**Joint Lead Managers**”) that (1) you and any customers you represent are not US persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”)) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Joint Lead Managers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached document is being furnished in connection with an offering to non-US persons in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer or the Guarantor of the securities or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliates on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

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IL&FS Transportation Networks Limited

ITNL Offshore Two Pte. Ltd.

(incorporated in Singapore with limited liability)

RMB690,000,000 7.5 per cent. Notes due 2018

guaranteed by

IL&FS Transportation Networks Limited

Issue Price: 98.688 per cent.

The RMB690,000,000 7.5 per cent. guaranteed senior notes due 2018 (the “Notes”) to be issued by ITNL Offshore Two Pte. Ltd. (the “Issuer”) will be unconditionally and irrevocably guaranteed (the “Guarantee”) by IL&FS Transportation Networks Limited (the “ITNL” or the “Guarantor”) subject to an aggregate cap 100 per cent. of the outstanding amount of the Notes.

The Notes will be constituted by a trust deed between the Issuer, the Guarantor and DB Trustees (Hong Kong) Limited (the “Trustee”) dated 1 April 2015 (the “Trust Deed”). Interest on the Notes is payable semi-annually in arrears on 1 October and 1 April (each an “Interest Payment Date”) in each year, commencing on 1 October 2015. Payments on the Notes will be made without deduction for or on account of taxes of Singapore to the extent described under “Terms and Conditions of the Notes—Taxation”.

Upon issue, the Notes will constitute senior unsecured obligations of the Issuer ranking *pari passu* and without preference among themselves.

The Notes will mature on the Interest Payment Date falling on or nearest to 1 April 2018 at their principal amount. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of Singapore.

The Issuer shall on or before the Issue Date open a Renminbi denominated debt service reserve account (the “DSRA Account”) with the Account Bank (as defined herein) and, for so long as any Note is outstanding, ensure that the amount standing to that DSRA Account is at all times not less than an amount equal to the amount of interest due on all Notes outstanding at that time on the next succeeding Interest Payment Date (as defined herein). The obligations of the Issuer under the Notes will be secured by a charge over the DSRA Account which will be granted by the Issuer in favour of the security trustee on or before the day following the 2012 Notes Redemption Date as defined in the Terms and Conditions. See “Terms and Conditions of the Notes — Status of the Notes and Security.”

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 19 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act (“Regulation S”).

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “Subscription and Sale”.

The Issuer has received approval in principle from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of, and quotation for, the Notes on the SGX-ST. It is expected that dealing in, and listing of, the Notes on the SGX-ST will commence on or about 2 April 2015. The SGX-ST takes no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Notes will be issued in registered form and initially represented by a global certificate (the “Global Certificate”) registered in the name of the Hong Kong Monetary Authority (the “HKMA”) as operator of, and deposited on or about 1 April 2015 (the “Issue Date”) with a sub-custodian for, the Central Moneymarkets Unit Service (the “CMU”), the book-entry clearing system operated by the HKMA. The Global Certificate will be exchangeable for definitive Certificates in registered form in the denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof in the limited circumstances set out therein. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank S.A./N.V. (“Euroclear”) or Clearstream Banking, societe anonyme (“Clearstream”), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. See “The Global Certificate”.

JOINT LEAD MANAGERS

**CLSA (A CITIC
Securities Company)**

ANZ

HSBC

**Standard
Chartered Bank**

FINANCIAL ADVISOR TO THE ISSUER

IL&FS GLOBAL FINANCIAL SERVICES (HK) LIMITED

Offering Circular dated 24 March 2015

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This Offering Circular does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time after that date.

NOTICE TO INVESTORS

Investors should rely only on the information contained or incorporated by reference in this Offering Circular. Each of the Issuer and the Guarantor have not, and CLSA Limited, Australia and New Zealand Banking Group Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (the “**Joint Lead Managers**”) have not, authorised anyone to provide information that is different from that contained in this Offering Circular. If anyone provides different or inconsistent information, such information should not be relied on. Offers to sell, and offers to buy, the Notes may only be made in jurisdictions where offers and sales are permitted. The information contained in this Offering Circular is accurate only as of the date of this Offering Circular, regardless of the time of delivery of this Offering Circular or any sale of the Notes. The Guarantor’s and Issuer’s business, financial condition, results of operations and prospects may have changed since that date.

This Offering Circular includes particulars given in compliance with the rules of the SGX-ST for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Where information contained in this Offering Circular includes extracts from summaries of information and data from various published and private sources, the Issuer and the Guarantor accept responsibility only for accurately extracting information from such sources.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Guarantor and its subsidiaries (including the Issuer) and associated companies (collectively, the “**Group**”), the Notes, the Guarantee and the other Transaction Documents (as defined in the Terms and Conditions of the Notes), which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Guarantor, the Notes, the Guarantee and the other Transaction Documents, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and the rights attaching to the Notes); (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; and (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the People’s Republic of China, Hong Kong, Singapore, and the Republic of India and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular, see “*Subscription and Sale*”. No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group or the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (in each case as defined in the Terms and Conditions of the Notes). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

No representation or warranty, express or implied, is made by the Joint Lead Managers, the Trustee or the Agents or any of their affiliates or advisors as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty. To the fullest extent permitted by law, the Joint Lead Managers, the Trustee and the Agents do not accept any responsibility for the contents of this Offering Circular or for any other statement in connection with the issue and offering of the Notes made or purported to be made by the Joint Lead Managers or on its behalf. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement. Neither of the Joint Lead Managers, the Agents or the Trustee undertakes to review the financial condition or affairs of the Issuer after the date of this Offering Circular nor to advise any investor or potential investor in the Notes or any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents after such date.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. The SGX-ST takes no responsibility for the content of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Listing of the Notes on the SGX-ST is not to be taken as an indicator of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

This Offering Circular is not intended to constitute an offer of securities (whether to the public or by way of placement) within the meaning of Companies Act, 2013 or any other applicable Indian laws. Consequently, this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with any Registrar of Companies, Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”) or any other statutory or regulatory body of like nature in India. The Notes will not be offered or sold and have not been offered or sold either directly or indirectly to any person or the public or any member of the public in India, or for the account or benefit of any person resident in India, either directly or indirectly, by means of any document. This Offering Circular or any other offering document or material relating to the Notes will not be circulated either directly or indirectly and has not been circulated or distributed, either directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India. The Notes have not been offered or sold and will not be offered or sold in circumstances which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities to the public within the meaning of the Companies Act, 2013 and other applicable Indian law for the time being in force. The acquisition of these Notes by Indian residents may be prohibited or subject to, limited by and conditioned upon stipulations contained in the Foreign Exchange Management Act, 1999 and ancillary regulations.

For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CLSA LIMITED, AS THE STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON ITS BEHALF) MAY, SUBJECT TO ALL APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial statements of the Guarantor as of 31 March 2012, 2013 and 2014 included elsewhere in this Offering Circular have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India (“**Indian GAAP**”), where applicable, Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and Exposure Draft on the Guidance Note on Accounting for Service Concession Agreement (SCA) for Public-to-Private SCA to the extent it does not conflict with current Accounting Standards.

This Offering Circular includes:

- (i) the audited consolidated financial statements and related notes of the Guarantor for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014; and
- (ii) the unaudited reviewed consolidated financial statements and related notes of the Guarantor for the nine month period ended 31 December 2013 and 31 December 2014.

References in this Offering Circular to a particular financial year are to the year ended 31 March of that year. For example, financial year 2014 refers to the year ended 31 March 2014.

Certain financial information in this Offering Circular has been rounded for convenience and, as a result, the totals of the columns or rows of numbers in tables presented in this Offering Circular may not be equal to the actual arithmetic totals of such information.

The Guarantor publishes its financial statements in Rupees. Unless otherwise specified or the context requires, references herein to “**Renminbi**” or “**RMB**” or “**CNY**” are to the lawful currency of the PRC, references herein to “**Hong Kong dollars**”, “**HK dollars**” or “**HK\$**” are to the lawful currency of Hong Kong, references herein to “**US dollars**”, “**US\$**” or “**USD**” are to the lawful currency of the United States of America, references herein to “**Euro**” or “**€**” are to the lawful currency of the participating member states of the region comprising the member states of the European Union that have adopted and use the single currency in accordance with the Treaty

establishing the European Communities, as amended by the Treaty on European Union and references herein to “**Rupees**”, “**INR**” or “**Rs.**” are to the lawful currency of the Republic of India.

All translations in this Offering Circular of Rupee amounts into US dollar amounts have been made at the exchange rates as set out in the section “*Exchange Rate Information*” of this Offering Circular.

CONVENTIONS THAT APPLY TO THIS OFFERING CIRCULAR

Unless otherwise indicated, all references in this Offering Circular to “**China**” or the “**PRC**” are to the People’s Republic of China and the “**PRC Government**” are to the government of the PRC, including all political subdivisions (including central, provisional, municipal and other regional or local government entities) and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of China. References to the “**US**” are to the United States of America; all references to “**India**” are to the Republic of India and its territories and possessions. All references to the “**Indian Government**” are to the Government of India and to the “**Companies Act**” are to the Companies Act, 1956, as amended and all references to the “**Civil Code**” are to the Code of Civil Procedure, 1908, as amended. All references to the “**New Companies Act**” are to the Companies Act, 2013, sections of which were notified on 12 September 2013, 27 February 2014 and 26 March 2014 and certain sections are yet to come into effect.

Unless the context otherwise requires, all references to “**the Issuer**” are to ITNL Offshore Two Pte. Ltd., and all references to the “**Guarantor**” are to ITNL and its subsidiaries and other entities which are consolidated in the financial statements of ITNL (including ITNL Offshore Two Pte. Ltd.). References to the “**Group**” are to the Guarantor, its subsidiaries, associates and joint ventures, including the Issuer. All references to “**IL&FS**” shall mean Infrastructure Leasing and Financial Services Limited. “**IL&FS Group**” shall mean IL&FS, its subsidiaries, associates and joint ventures, including the Guarantor and the Issuer.

ENFORCEMENT OF CIVIL LIABILITIES

The Guarantor is a limited liability company incorporated under the laws of India and the Issuer is a limited private company incorporated under the laws of Singapore. A majority of the directors and key managerial personnel of the Guarantor and the Issuer are residents of India and a substantial portion of the assets of the Guarantor are located in India. As a result, it may not always be possible for investors to effect service of process upon the Guarantor or the Issuer, or such persons outside India or Singapore, or to enforce judgments obtained against such parties outside India or Singapore.

In India, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (“**Civil Code**”) on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, and such presumption may be displaced by proving want of jurisdiction.

India is not a signatory to the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters or any other international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such Section, in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant competent court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties and does not

include arbitral awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exceptions under Section 13 of the Civil Code as discussed above.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a new proceeding suit instituted in a court of India and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court would if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under FEMA to repatriate outside India any amount recovered pursuant to the execution of such a judgment and such amount may be subject to income tax in accordance with applicable laws. In addition, any judgment or in a foreign currency would be converted into Rupees on the date of the judgment or award and not on the date of payment.

It has also been advised by Rajah & Tann Singapore LLP, Singapore legal advisers to the Joint Lead Managers, that in the event that a judgment is given by a superior court of England with jurisdiction over the judgment debtor that (i) is final (with no pending appeal therefrom or that the judgment debtor is not entitled and/or intends to appeal against the judgment); (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (iii) was not obtained in a manner and is not of a nature the enforcement of which is contrary to natural justice or the public policy of Singapore; and (iv) was not obtained in a fraudulent manner, the judgment creditor may apply to the High Court of Singapore within twelve (12) months after the date of such judgment, or such longer period as may be allowed by the High Court of Singapore, to have the judgment registered in the High Court of Singapore under section 3(1) of the Reciprocal Enforcement of Commonwealth Judgments Act, Chapter 264 of Singapore (“**RECJA**”). On such an application for registration, the High Court of Singapore may, if in all the circumstances of the case it thinks it is just and convenient that the foreign judgment should be enforced in Singapore, and subject to the provisions of the RECJA, order the said judgment to be registered accordingly.

Alternatively, apart from enforcement proceedings under the RECJA, a foreign judgment given by a court of England may be enforced by commencing in Singapore an action for the amount due under it, provided that it is (i) final and conclusive as against the judgment debtor in the courts of England (i.e. the foreign judgment is conclusive as to any matter thereby adjudicated upon and cannot be impeached for any error, whether of fact or of law), (ii) given by a court of competent jurisdiction, and (iii) a judgment for a fixed sum of money. In considering such action, the Singapore court would consider whether the foreign judgment was procured by fraud, or its enforcement would be contrary to public policy, or the proceedings in which it was obtained were contrary to natural justice. However, a judgment creditor who enforces at common law a foreign judgment given by a court of England which might be ordered to be registered under the RECJA shall not be entitled to recover any costs of that action, unless an application to register the same under the RECJA has been previously refused or unless the court orders otherwise.

ENFORCEMENT OF THE GUARANTEE

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (“**FEMA**”). Pursuant to FEMA, the Government of India (the “**GoI**”) and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control. The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended (the “**FEMA ODI Regulations**”), as well as the provisions of the RBI’s master circular on Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad that is periodically updated by the RBI from time to time, with the latest master circular dated 1 July 2014 (the “**JV/WOS Circular**”, together with the FEMA ODI Regulations referred to as the “**JV/WOS Guidelines**”) are the primary regulations governing overseas direct investments outside India by Indian residents as well as issuances of guarantees by Indian companies in favour of their overseas subsidiaries. The term “direct investment outside India” has been defined by the FEMA ODI Regulations to mean investment by way of contribution to the capital or subscription to the charter documents of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchanges, but does not include portfolio investment.

A guarantee issued by an Indian company on behalf of its non-Indian subsidiaries or joint ventures is also governed by the Foreign Exchange Management (Guarantees) Regulations, 2000, as amended (the “**FEMA Guarantees Regulations**”) as well as the provision of the RBI’s master circular on Guarantees and

Co-Acceptances that is periodically updated by the RBI, with the latest master circular dated 1 July 2014 (the “**Guarantees Circular**”, together with the FEMA Guarantees Regulations referred to as the “**Guarantees Guidelines**”). The FEMA Guarantees Regulations permit an Indian company to issue a guarantee on behalf of its overseas joint ventures and/or its subsidiary in connection with its business as long as such guarantee is in compliance with the JV/WOS Guidelines.

Pursuant to the JV/WOS Guidelines, an Indian company is permitted to make direct investments outside India in its subsidiaries and joint ventures without the prior approval of the RBI, subject to certain conditions, including that (i) the Indian company’s (which is making the direct investment outside India) total financial commitment does not exceed 400 per cent. of the net worth set forth in its last audited balance sheet, (ii) the guarantee does not exceed US\$1 billion or its equivalent in any financial year, and (iii) the Indian company (which is making the direct investment outside India) is not on the RBI’s exporters’ caution list or list of defaulters to the system circulated by specified entities or is under investigation by any investigation or enforcement agency or regulatory body.

Additionally, the non-Indian subsidiaries or joint ventures in which the investment is being made must be engaged in bona fide business activities. For the purposes of the FEMA ODI Regulations “**total financial commitment**” includes the aggregate direct equity contributions and loans provided to, and the amount of all guarantees given by the Indian company on behalf of all non-Indian subsidiaries and joint ventures.

An Indian company is also permitted to extend a loan or a guarantee to or on behalf of its overseas subsidiary, within the permissible “total financial commitment” of 400 per cent. of its net worth as set out above. However, any financial commitment exceeding US\$1 billion or its equivalent in any financial year will require prior approval of the RBI even when the total financial commitment of the Indian company is within the eligible limit under the automatic route. All such guarantees must specify a maximum amount and duration of the guarantee upfront (i.e., no guarantee can be open-ended or unlimited). For further details, see “*Indian Government Filings/Approvals*”. The Indian company is required to disclose certain terms of the guarantee to the RBI, in Form ODI, through an authorised dealer (bank) in India. For further details on the recognition and enforcement of foreign judgements in India, see “*Enforcement of Civil Liabilities*”.

If a guarantee issued by an Indian company on behalf of its wholly-owned subsidiary is enforced by a competent court in a territory other than a “reciprocal territory” (as declared by the Government of India by notification under the provisions of the Civil Code, the judgment must be enforced in India by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment.

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforced against the Guarantor in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunctions;
- Indian courts have the sole discretion to grant specific performance of the Guarantee and the same may not be available, including where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;
- actions may become barred under the Limitation Act, 1963, or may be or become subject to set-off or counterclaim, and failure to exercise a right of action within the relevant limitation period prescribed will operate as a bar to the exercise of such right;
- any certificate, determination, notification, opinion or the like will not be binding on an Indian court which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the documents to the contrary; and
- all limitations resulting from the laws of reorganisation, suretyship or similar laws of general application affecting creditors’ rights.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that relate to future events, including the Group’s future operating results and conditions, the Group’s prospects and the Group’s future financial performance and condition, all of which are largely based on the Group’s current expectations and projections. The forward-

looking statements are contained principally in the sections entitled “*Risk Factors*”, “*The Issuer*” and “*The Guarantor*” and “*Business Description*”.

The holders of the Notes (each a “**Noteholder**”) can identify these forward-looking statements by terminology such as “may”, “will”, “expect”, “anticipate”, “future”, “intend”, “plan”, “believe”, “estimate”, “is/are likely to” or other and similar expressions. In addition, all statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Guarantor’s and Issuer’s financial position and results, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Guarantor’s and Issuer’s services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Guarantor’s and Issuer’s present and future business strategies and the environment in which they will operate in the future. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Guarantor’s and Issuer’s expectations include, among other things:

- changes in the policies of the Government of India and other jurisdictions in which the Group operates;
- the Group’s ability to renegotiate contracts with government and other entities;
- insufficient liquidity;
- changes in toll rates or the concession arrangements under which the Group operates;
- growth and expansion in overseas and domestic markets;
- failure to obtain new contracts;
- failure to commence operations of the Group’s projects as expected;
- the Group’s inability to raise the necessary funding for its capital expenditures, including for the development of its projects;
- certain inherent construction and operational risks commonly associated with toll road construction projects;
- decreases in traffic volumes on road projects of the Guarantor and the Issuer;
- increases in prices and shortages of raw materials;
- changes in laws and regulations that apply to the Group’s clients, suppliers and the surface transport infrastructure sector; and
- increasing competition in the surface transport infrastructure sector.

The forward-looking statements made in this Offering Circular relate only to events or information as of the date on which the statements are made in this Offering Circular. Except as required by law, the Guarantor, the Issuer and the Joint Lead Managers undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Prospective investors should read this Offering Circular completely and with the understanding that the Guarantor’s and the Issuer’s actual future results may be materially different from what they expect.

DEFINITIONS

Account Bank	Deutsche Bank AG, Hong Kong Branch
APEL	Andhra Pradesh Expressway Limited
BOO	Build, Own, and Operate
BOOT	Build, Own, Operate and Transfer
BOT	Build, Operate and Transfer
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CARE	Credit Analysis & Research Limited
CCI	Competition Commission of India
CCTV	Closed Circuit Television
CHDCL	Chhatisgarh Highways Development Company Limited
CIC	Core Investment Company
CIESM-INTEVIA	CIESM-INTEVIA S.A.U.
CIL	Coal India Limited
Civil Code	Code of Civil Procedure, 1908, as amended
Clearstream	Clearstream Banking, société anonyme
CMU	Central Moneymarkets Unit Service
Combination Regulation Provisions ..	Provisions under the Competition Act in relation to combinations
Companies Act or Companies Act, 1956	Companies Act, 1956 of India
Competition Act	Competition Act, 2002, as amended
CRISIL	Credit Rating Information Services of India Limited
DBFOT	Design, Build, Finance, Operate and Transfer
DBMT	Design, Build, Maintain and Transfer
DBOT	Design, Build, Operate and Transfer
DFC	Dedicated Freight Corridors
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry of the Government of India
DSRA Account	Renminbi denominated debt service reserve account
DTC Bill	Direct Tax Code, 2013 (India, proposed)
Easements Act	Indian Easements Act, 1882
EMU	Electrical Multiple Units
EPC	Engineering, Procurement, Construction
Escrow Account	RMB denominated escrow account opened with the Account Bank
ERP	Enterprise Resource Planning
ETC	Electronic Toll Collection
EU	European Union
Euro or €	Lawful currency of the participating member states of the European Union that have adopted and use the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union
Euroclear	Euroclear Bank S.A./N.V
FATCA	U.S. Foreign Account Tax Compliance Act

FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA ODI Regulations	Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended
FRS	Financial Reporting Standards
FSMA	United Kingdom Financial Services and Markets Act 2000
GIS	Geographic Information System
GRICL	Gujarat Road and Infrastructure Company Limited
GRUSAMAR	GRUSAMAR INGENIERIA Y CONSULTING S.L.U
Hong Kong dollars, HK dollars or HK\$	Lawful currency of Hong Kong
HKMA	Hong Kong Monetary Authority
HSRC	High Speed Rail Corporation of India
IAS	International Accounting Standard
ICRA	ICRA Limited
IASB	International Accounting Standards Board
IDF	Infrastructure Debt Funds
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IGFSL	IL&FS Global Financial Services (HK) Limited
IIFCL	India Infrastructure Finance Company Limited
Indian GAAP	Generally Accepted Accounting Principles in India
IR	Indian Railways
Issuer	ITNL Offshore Two Pte. Ltd.
ITA	Income Tax Act, Chapter 134 of Singapore
ITNL International	INTL International Pte. Ltd.
JARDCL	Jharkhand Accelerated Road Development Company Limited
JRPICL	Jharkhand Road Projects Implementation Company Limited
JV	Joint Venture
kms	kilometres
kmph	kilometres per hour
LA Act	Land Acquisition Act, 1894
Land Acquisition Act	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013,
Lane kms	A measurement unit generally used in the road industry to represent the length and width of roads. One Lane km equals one kilometre long and single lane road which is generally three-and-a-half meters wide. Lane kms are computed based on the length of road specified under the concession agreements, multiplied by the number of lanes.
MAS	Monetary Authority of Singapore
MDR	Major District Roads
MMT	million metric tons
MW	megawatts
NBFC	Non-banking financial company
NHAI Act	National Highways Authority of India Act, 1988

New Companies Act or Companies Act, 2013	Companies Act, 2013 of India
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NH Rules	National Highway (Collection of Fees by any Person for the Use of Section of National Highways/Permanent Bridge/Temporary Bridge on National Highway) Rules, 1997
NKEL	North Karnataka Expressway Limited
NOIDA	New Okhla Industrial Development Authority
NSE	National Stock Exchange of India Limited
NTBCL	Noida Toll Bridge Company Limited
ODI	Overseas Direct Investment
OPRC	Output- and Performance-based Road Contracts
PMIS	Project Management Information System
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public Private Partnership
PPPAC	Public Private Partnership Appraisal Committee
Prospectus Directive	Directive 2003/71/EC (and amendments thereto)
RECJA	Reciprocal Enforcement of Commonwealth Judgments Act, Chapter 264 of Singapore
RBI	Reserve Bank of India
Registration Act	The Registration Act, 1908 of India
REMC	Railway Energy Management Company
Renminbi or RMB	Lawful currency of the PRC
RIDCOR	Road Infrastructure Development Company of Rajasthan Limited
Rupees, INR or Rs	Lawful currency of the Republic of India
SEBI	Securities and Exchange Board of India
Securities Act	United States Securities Act of 1933, as amended
SENSEX	Bombay Exchange Sensitive Index
SFA	Securities and Futures Act, Chapter 289 of Singapore
SFO	Securities and Futures Ordinance (Cap. 571) of Hong Kong
SH	State Highway
SME	Small-medium Enterprise
SPVs	Special Purpose Vehicles
Stamp Act	The Indian Stamp Act, 1899
Stock Exchanges	BSE and NSE
Toll Act	Indian Tolls Act, 1851
TP Act	Transfer of Property Act, 1882
UAE	United Arab Emirates
ULCA	Urban Land (Ceiling and Regulation) Act, 1976

US dollars, US\$ or USD	Lawful currency of the United States of America
VGf	Viability Gap Funding
WDGS	5500 HP diesel locomotive
WOS	Wholly Owned Subsidiary
Yuhe	Chongqing Yuhe Expressway Company Limited

SUMMARY

The Issuer

ITNL Offshore Two Pte. Ltd. (the “**Issuer**”) was incorporated in Singapore as a private limited company on 9 February 2015. The Issuer is a 100 per cent. subsidiary of IL&FS Transportation Networks Limited (the “**Guarantor**”).

The Issuer has been incorporated for the purpose of issuing the Notes and carrying out related functions.

The Guarantor

The Guarantor is a leading surface transportation infrastructure company and one of the largest private sector BOT road operators in India (*Source: August 2014 ICRA Report on Indian Road Sector*). The Guarantor is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited under the ticker symbol ILFT.IN. The Guarantor is a developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualisation through commissioning to operations and maintenance. In addition to developing a diverse project portfolio in the BOT road segment, the Guarantor is engaged in certain non-road segments such as mass rapid transport systems, urban transportation infrastructure systems, multi-level parking systems and border check-posts systems. The Guarantor’s international operations are conducted primarily through its wholly owned subsidiary ITNL International Pte. Ltd. (“**ITNL International**”) incorporated in the Republic of Singapore and its other subsidiaries in the road segment and spread across China, Spain, Portugal, Latin America, UAE, Botswana and Kenya.

The Guarantor is involved in the development, operation and maintenance of national and state highways, roads (including urban roads) and tunnels in the states of Andhra Pradesh, Assam, Delhi, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Telangana, Uttar Pradesh and West Bengal. The Guarantor’s pan-India presence in the road segment is marked by its interests in a diverse project portfolio of 27 road projects of approximately 12,838 Lane kms, comprising of a mix of annuity and toll based projects.

The Guarantor is also selectively focusing on other non-road segments such as mass rapid transport systems, urban transportation infrastructure systems, multi-level parking systems and border check-posts systems. The Guarantor has developed and is operating the 4.9 km track of elevated metro rail link project in Gurgaon and has been awarded the extension of an additional 7 km track to this, which is being developed as the Gurgaon Metro Rail South Extension, Haryana. The Guarantor maintains and operates Nagpur city bus services on a BOT basis. Further, it has been mandated to develop 24 border check posts in Madhya Pradesh out of which 11 check posts are currently operational. It is also developing an integrated multi-level automatic car parking facility at Khilwat, Hyderabad on a BOT basis. Additionally, it is developing a greenfield stadium at Karyavattom, Kerala.

The acquisition of Elsamex in 2008 has facilitated the Guarantor’s entry into international markets such as Spain, Portugal and Latin America in addition to complementing its BOT road operations. Elsamex’s primary business is the maintenance and rehabilitation of roads, buildings and gas stations, primarily in Spain, with additional operations in Portugal in Europe, Botswana in Africa, Colombia in South America and Mexico in North America. The Guarantor has recently, through Elsamex, been awarded 12 contracts for maintenance of certain stretches of roads in Oporto and Lisbon in Portugal and a joint venture with Elsamex has recently been awarded two procurement contracts under the output and performance based road contract system in Botswana. Elsamex is undertaking maintenance of the Abu Dhabi Al Ain Highway, the key highway stretch between Abu Dhabi and Al Ain and has also been awarded the contract for the upgrading works and maintenance of Ocaña Sardinata road in Columbia. Pursuant to the Guarantor’s acquisition of 49 per cent. stake of Chongqing Yuhe Expressway Company Limited through its subsidiary, ITNL International Pte Limited in December 2011, the Guarantor has further strengthened its international presence and is undertaking the operations, management and maintenance of Yu He Expressway consisting of four-lane dual carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China, aggregating approximately 235 Lane kms.

The Guarantor’s revenue from operations primarily comprises income from services, toll revenues, finance income and construction income. For the fiscal years ended 2012, 2013 and 2014 and the nine months ended 31 December 2014, the Guarantor reported revenue from operations, on a consolidated basis, of Rs.56,056.21 million (US\$1,169.24 million), Rs.66,448.38 million (US\$1,221.25 million), Rs.65,869.90 million (US\$1,088.76 million) and Rs.50,174.90 million (US\$825.52 million), respectively. For the fiscal years ended 2012, 2013 and 2014 and the nine months ended 31 December 2014, the Guarantor reported profit, on a consolidated basis, of Rs.4,969.58 million (US\$103.64 million), Rs.5,202.11 million (US\$95.61 million), Rs.4,630.48 million (US\$76.54 million) and Rs.3,657.56 million (US\$60.18 million), respectively.

The Guarantor believes it benefits significantly from its affiliation with IL&FS, which has an established track record in promoting and financing a range of public infrastructure projects in India for over 25 years. IL&FS was incorporated in 1987 and its major shareholders include Life Insurance Corporation of India (25 per cent.), Central Bank of India (8 per cent.), State Bank of India (6 per cent.), Housing Development Finance Corporation Limited (9 per cent.), Abu Dhabi Investment Authority (13 per cent.) and Orix Corporation of Japan (23 per cent.). IL&FS has been rated A1+ and AAA by India Rating, ICRA and CARE in India.

The Guarantor was incorporated under the Companies Act, 1956 on 29 November 2000 at Mumbai as Consolidated Toll Network India Private Limited and the name of Guarantor was changed to IL&FS Transportation Networks Limited pursuant to a special resolution of the shareholders of Guarantor dated 29 September 2005.

For a description of the business and general affairs of the Guarantor, see “*Business Description*”.

SUMMARY OF THE ISSUE

The following contains summary information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Phrases used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes” (“**Conditions**”). For a complete description of the terms and conditions of the Notes, see “Terms and Conditions of the Notes” in this Offering Circular.

Issuer	ITNL Offshore Two Pte. Ltd.
Guarantor	IL&FS Transportation Networks Limited
Issue	RMB690,000,000 7.5 per cent. Notes due 2018
Issue Price	98.688 per cent.
Status of the Notes	Upon issue, the Notes constitute senior unsecured guaranteed obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves and, subject to Condition 5 of the Conditions and save only for such exceptions as may be provided by mandatory provisions of applicable law, will rank at all times at least <i>pari passu</i> with all other outstanding present and future unconditional and unsubordinated obligations of the Issuer.
Guarantee	The Guarantor has, in accordance with the provisions of the FEMA Guarantees Regulations, unconditionally and irrevocably guaranteed, subject to an aggregate cap of 100 per cent. of the aggregate principal amount of the Notes, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. The Guarantee is contained in the Trust Deed. The Guarantee constitutes an unconditional and unsecured obligation of the Guarantor and will come into effect on the Guarantee Effective Date.
Issue Date	1 April 2015
Maturity Date	1 April 2018
Form and Denomination	The Notes will be issued in registered form in the denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.
Interest	The Notes will bear interest from and including the Issue Date at the rate of 7.5 per cent. per annum, payable semi-annually in arrear on the Interest Payment Dates falling on 1 October and 1 April in each year, commencing on 1 October 2015.
Negative Pledge	So long as any Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (excluding any Non-Recourse Security and the 2014 Notes Security) (the “ Further Security ”), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure: (i) any Relevant Indebtedness (as defined in the Conditions), or (ii) any guarantee or indemnity in respect of any Relevant Indebtedness, in each case, without at the same time or prior thereto according to the Notes the same Further Security as is created or subsisting to rateably secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. See “Terms and Conditions of the Notes—Covenants—Negative Pledge”.

Covenants	<p>The Conditions contain certain covenants that limit the ability of each of the Guarantor and its subsidiaries (including the Issuer) to do certain things including, among others, the following covenants:</p> <ul style="list-style-type: none"> • Limitation on indebtedness covenant. • Maintenance of Net Worth. <p>These covenants are subject to a number of important qualifications and exceptions described in the “<i>Terms and Conditions of the Notes</i>”. See “<i>Terms and Conditions of the Notes—Covenants</i>”.</p>
Debt Service Reserve Account	<p>The Issuer shall on or before the Issue Date open a DSRA Account (as defined in Condition 5(f)) with the Account Bank (as defined in Condition 20) and, for so long as any Note is outstanding, ensure that, subject to Condition 5(f)(ii), the amount standing to that DSRA Account is at all times not less than an amount equal to the amount of interest due on all Notes outstanding at that time on the next succeeding Interest Payment Date. Failure to do so will constitute an Event of Default. See “<i>Terms and Conditions of the Notes—Covenants—Debt Service Reserve Account</i>”.</p>
Security	<p>The obligations of the Issuer under the Notes will be secured by a first ranking charge governed by Hong Kong law over the DSRA Account granted in favour of the Trustee for the benefit of itself, the Agents and the Noteholders, as more particularly described in the Trust Deed and the Charge over DSRA Account. See “<i>Terms and Conditions of the Notes—Status of the Notes and Security—Security</i>”.</p>
Taxation	<p>All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdictions (as defined in the Conditions) unless such withholding or deduction is required by law, as further described in Condition 9 of the Conditions. In such event, either the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in Condition 9 of the Conditions, pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required. See “<i>Terms and Conditions of the Notes—Taxation</i>”.</p>
Redemption for Taxation Reasons	<p>The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with accrued interest, at any time in the event of certain changes affecting taxes of Singapore. See Condition 7(b) of the Conditions.</p>
Redemption for Change of Control	<p>Following the occurrence of any Change of Control (as defined in Condition 20), the holder of each Note will have the right at such holder’s option, to require the Issuer to redeem in whole but not in part such holder’s Notes on the Change of Control Redemption Date (as defined in Condition 20) at 101 per cent. of their principal amount together with unpaid accrued interest in accordance with the Conditions. See “<i>Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Change of Control</i>”.</p>
Mandatory Redemption on Guarantee Event	<p>If the 2012 Notes are not redeemed in full on the 2012 Notes Redemption Date or the Guarantee is for any reason not enforceable, valid and in full force and effect on the Guarantee Effective Date, as such terms are defined in the Conditions, the Issuer will be required to redeem the Notes at 101 per cent. of their principal amount together</p>

with unpaid accrued interest in accordance with the Conditions. See *“Terms and Conditions of the Notes—Redemption and Purchase—Mandatory Redemption for Guarantee Event”*.

Events of Default The Trustee at its discretion may, and if so requested by holders of at least 20 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (provided in each case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest, if any Event of Default (as defined in Condition 10) has occurred. See *“Terms and Condition of the Notes—Events of Default”*.

Currency Fallback If by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes or the Trust Deed, as applicable, when due in RMB in Hong Kong, the Issuer shall, on giving not less than seven Determination Business Days nor more than 30 days’ irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment (in whole or in part) in US dollars on the due date at the Spot Rate Dollar Equivalent (as defined in the Conditions) of any such Renminbi denominated amount. See *“Terms and Conditions of the Notes—Payments—Currency Fallback”*.

Clearing Systems The Notes will be initially represented by beneficial interests in a Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except as described in the Global Certificate, individual registered certificates for Notes will not be issued in exchange for beneficial interests in the Global Certificate.

The Notes have been accepted for clearance through the CMU and have the following CMU Instrument Number, Common Code and ISIN:

CMU Instrument Number: DBANFN15003 Common Code: 120489933

ISIN:
HK0000242708

Governing Law The Notes, the Trust Deed, the Agency Agreement, the Escrow Agreement, and any non-contractual obligations arising in connection thereunder, shall be governed by and construed in accordance with English law. The charge over DSRA Account and any non-contractual obligations arising in connection thereunder shall be governed by and construed in accordance with Hong Kong law.

Trustee DB Trustees (Hong Kong) Limited

Registrar, Principal Paying Agent, CMU Lodging Agent, Calculation Agent and Transfer Agent Deutsche Bank AG, Hong Kong Branch

Account Bank Deutsche Bank AG, Hong Kong Branch

Listing The Issuer has received approval in principle from the SGX-ST for the listing of, and quotation for, the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of

Singapore dollars \$200,000 or its equivalent in other currencies so long as any of the Notes remain listed on the SGX-ST.

Use of Proceeds See section entitled “*Use of Proceeds*”.

Selling Restrictions See section entitled “*Subscription and Sale*”.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian Rupees and U.S. Dollars. The exchange rates reflect the rates as reported by the RBI.

<u>Period</u>	<u>Period end</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
2009 ⁽¹⁾	50.95	45.91	52.06	39.89
2010 ⁽¹⁾	44.94	47.43	50.53	44.94
2011 ⁽¹⁾	44.65	45.58	47.57	44.03
2012 ⁽¹⁾	51.16	47.95	54.24	43.95
2013 ⁽¹⁾	54.38	54.41	57.33	50.52
2014 ⁽¹⁾	60.09	60.50	68.85	53.67
April 2014	60.34	60.36	61.19	59.60
May 2014	59.10	59.32	60.26	58.34
June 2014	60.19	59.76	60.54	58.98
July 2014	60.25	60.06	60.33	59.72
August 2014	60.47	60.90	61.56	60.43
September 2014	61.61	60.86	61.61	60.26
October 2014	61.41	61.34	61.75	61.04
November 2014	61.97	61.71	62.10	61.39
December 2014	63.33	62.78	63.75	61.85
January 2015	61.76	62.18	63.45	61.10
February 2015	61.79	62.04	61.68	61.68
March 2015 (through 12 March)	62.57	62.30	62.75	61.82

(1) Represents the fiscal year ended 31 March of the year indicated.

Although certain rupee amounts in this Offering Circular have been translated into U.S. Dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. Dollars at any particular rate, the rates stated above, or at all.

Except as otherwise stated, Indian Rupee amounts have been converted to U.S. Dollars in the following manner:

- (i) for balance sheet items, the period end applicable rates were used for conversion, that is, US\$1.00 = Rs.63.33 for the nine month period ended 31 December 2014, and US\$1.00 = Rs.60.10, US\$1.00 = Rs.54.39 and US\$1.00 = Rs.51.16 for the fiscal years 2014, 2013 and 2012;
- (ii) in case of profit and loss account for each fiscal years, the average rates applicable for the relevant fiscal years were used for conversion, that is, US\$1.00 = Rs.60.50, US\$1.00 = Rs.54.41 and US\$1.00 = Rs.47.95 for fiscal years 2014, 2013 and 2012; and
- (iii) in case of profit and loss account for the nine months period ended 31 December 2014 the average of the nine month's average for the period were used for conversion, that is, US\$1.00 = Rs.60.78.

SELECTED FINANCIAL INFORMATION

The following tables present the Guarantor's summary financial data.

The Guarantor's financial statement for the years ended 31 March 2012, 2013 and 2014 have been derived from the Guarantor's consolidated and standalone financial statements for the years ended 31 March 2012, 2013 and 2014, which have been audited by Deloitte Haskins & Sells, chartered accountants, and are included elsewhere in this Offering Circular.

The Guarantor's financial statement for the nine month periods ended 31 December 2013 and 2014 have been derived from the Guarantor's consolidated reviewed financial statements for the nine month periods ended 31 December 2013 and 2014, which have been reviewed by Deloitte Haskins & Sells, chartered accountants, and are included elsewhere in this Offering Circular.

Deloitte Haskins & Sells, Chartered Accountants, Mumbai (ICAI Firm Registration No. 117366W) had been converted into a Limited Liability Partnership with the name Deloitte Haskins & Sells LLP (DHS LLP) (ICAI Firm Registration No. 117366W/W-100018) under Section 58 of the Limited Liability Partnership Act, 2008, effective 20 November 2013. The summary financial data below should be read in conjunction with the Guarantor's consolidated financial statements, including the notes thereto, which are included elsewhere in this Offering Circular.

Consolidated Financial Information

Consolidated Audited Statements of Profit and Loss for the year ended 31 March

	For the year ended 31 March			
	2012 ⁽²⁾	2013 ⁽²⁾	2014	
	Rs. (million)	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
Income				
Revenue from operations (net)	56,056.21	66,448.38	65,869.90	1,088.76
Other Income	1,238.07	1,439.71	2,154.92	35.62
Total Revenue	57,294.28	67,888.09	68,024.82	1,124.38
Expenses:				
Cost of materials consumed	1,242.04	1,557.37	2,272.70	37.57
Operating expenses	33,254.59	39,489.14	36,337.25	600.62
Employee benefits expense	3,693.91	3,819.26	4,141.45	68.45
Finance costs	7,282.07	11,190.10	14,709.63	243.13
Depreciation and amortisation expenses	765.52	944.06	1,510.18	24.96
Administrative and general expenses	3,210.18	3,203.91	4,222.19	69.79
Total Expenditure	49,448.31	60,203.84	63,193.40	1,044.52
Profit before tax	7,845.97	7,684.25	4,831.42	79.86
Tax expenses				
Current tax	1,966.01	2,154.16	1,440.75	23.81
Tax relating to for earlier years written back	—	—	(495.07)	(8.18)
Deferred tax (net)	626.27	274.41	(499.17)	(8.25)
MAT Credit Entitlement	(135.07)	(154.55)	(181.02)	(2.99)
Total tax expenses	2,457.21	2,274.02	265.49	4.39
Profit Before share of Associates and Share of Minority				
Interest	5,388.76	5,410.23	4,565.93	75.47
Share of Profit of Associates (Net)	38.53	46.82	50.66	0.84
Share of Profit Transferred to Minority Interest (Net)	(457.71)	(254.94)	13.89	0.23
Profit for the year	4,969.58	5,202.11	4,630.48	76.54
Earnings per equity share				
(Nominal value of equity shares of ₹10/- each)				
(1) Basic	25.48	26.68	21.79	
(2) Diluted	25.48	26.68	21.79	

(1) US\$1.00 = ₹60.50 (which was the average exchange rate for the fiscal year ended 31 March 2014).

(2) The figures for fiscal year 2012 and 2013 are as reflected in the comparative fiscal year 2012 and fiscal year 2013 in the consolidated financial statements for fiscal year 2013 and fiscal year 2014, respectively.

Consolidated Audited Balance Sheet as at 31 March

	As at 31 March			
	2012 ⁽²⁾	2013 ⁽²⁾	2014	
	Rs. (million)	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1,942.68	1,942.68	5,707.18	94.96
Reserves and surplus	25,695.22	34,455.45	44,331.07	737.62
	27,637.90	36,398.13	50,038.25	832.58
Minority Interest	2,934.65	3,577.22	4,587.50	76.33
Non-current liabilities				
Long-term borrowings	69,737.62	121,849.42	162,667.59	2,706.62
Deferred tax liabilities (net)	2,046.51	2,425.06	1,990.36	33.12
Other long term liabilities	2,291.01	2,994.35	5,162.16	85.89
Long-term provisions	750.91	634.12	526.58	8.76
	74,826.05	127,902.95	170,346.69	2,834.39
Current liabilities				
Current maturities of long term debt	10,590.75	13,220.08	15,235.79	253.51
Short-term borrowings	21,930.82	8,521.99	10,261.91	170.75
Trade payables -	11,304.42	11,066.69	15,451.40	257.09
Other current liabilities	1,860.04	3,236.04	2,959.86	49.25
Short-term provisions	1,395.19	1,979.46	2,446.23	40.70
	47,081.22	38,024.26	46,355.19	771.30
TOTAL	152,479.82	205,902.56	271,327.63	4,514.60
ASSETS				
Non-current assets				
Fixed assets				
-Tangible assets (net)	1,251.63	1,415.49	1,553.32	25.85
-Intangible assets (net)	27,612.84	27,716.93	48,453.87	806.22
-Capital work in progress	195.20	475.99	496.53	8.26
-Intangible assets under development	34,812.66	66,969.81	84,861.90	1,412.01
Goodwill on Consolidation	5,265.68	5,232.59	5,753.15	95.73
Non-current investments(net)	3,831.91	6,527.51	4,675.68	77.80
Deferred tax assets	5.23	110.60	179.99	2.99
Long-term loans and advances (net)	9,247.03	8,116.57	11,203.94	186.42
Other non-current assets	48,690.68	68,175.57	83,438.44	1,388.33
	130,912.86	184,741.06	240,616.82	4,003.61
Current assets				
Current Investments	122.22	343.74	15.28	0.25
Inventories	210.10	168.87	171.54	2.85
Trade receivables (net)	8,820.13	7,516.96	9,875.38	164.32
Cash and cash equivalents	2,837.87	4,202.12	6,712.84	111.69
Short-term loans and advances	7,895.73	6,053.00	9,559.13	159.05
Other current assets	1,680.91	2,876.81	4,376.64	72.82
	21,566.96	21,161.50	30,710.81	511.00
TOTAL	152,479.82	205,902.56	271,327.63	4,514.60

(1) US\$1.00 = ₹60.10 (which was the closing exchange rate as at 31 March 2014, as reported by the RBI).

(2) The figures for fiscal year 2012 and 2013 are as reflected in the comparative fiscal year 2012 and fiscal year 2013 in the consolidated financial statements for fiscal year 2013 and fiscal year 2014, respectively.

Consolidated Audited Cash flow statement for the year ended 31 March

	For the year ended 31 March			
	2012 ⁽²⁾	2013 ⁽²⁾	2014	
	Rs. (million)	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit Before Taxes, Minority Interest and Share of Associates	7,845.97	7,684.25	4,831.42	79.86
Adjustments for:				
Interest Income	(930.95)	(1,080.24)	(1,091.36)	(18.04)
Profit on Sale of Investments (Net)	(8.58)	(11.68)	(12.72)	(0.21)
Dividend Income	(2.10)	(1.18)	(6.00)	(0.10)
Finance Costs	7,282.07	11,190.10	14,709.63	243.13
(Profit) / (Loss) on sale of fixed assets (Net)	2.97	(0.44)	31.59	0.52
Provision for Employee benefits (net)	0.66	166.00	(59.18)	(0.98)
Depreciation/amortisation expense	765.52	944.06	1,510.18	24.96
Provision for Bad and Doubtful debts	316.85	(54.33)	177.21	2.93
Provision (reversal) for overlay expenses (net)	130.48	92.54	(240.66)	(3.98)
Reversal of provision for diminution in value of investments	(37.03)	(25.20)	—	—
Amortisation of goodwill	—	115.53	69.83	1.15
Amortisation of toll receivable account	—	30.76	31.41	0.52
Foreign currency fluctuation (gain)/loss and other adjustment	80.74	8.07	12.20	0.20
Preliminary expenses written off	0.04	0.05	—	—
Excess Provision written back	(33.06)	(7.70)	(0.98)	(0.02)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	15,413.58	19,050.59	19,962.57	329.95
Adjustments changes in working capital				
(Increase) / Decrease in trade receivables	(1,171.61)	883.29	(876.59)	(14.49)
(Increase)/Decrease in other assets and loans and advances (current and non-current)	2,226.40	476.45	(2,803.39)	(46.34)
Decrease in trade payables, other long term and other current liabilities	1,419.05	645.44	4,194.75	69.33
CASH GENERATED FROM OPERATIONS	17,887.42	21,055.77	20,477.34	338.47
Direct taxes paid (net)	(1,962.04)	(1,582.70)	(2,505.43)	(41.41)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	15,925.38	19,473.07	17,971.91	297.06
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to fixed assets	(19,353.80)	(30,621.07)	(31,978.90)	(528.58)
Increase in Receivable under Service Concession Arrangement (Net)	(21,520.44)	(18,766.70)	(8,885.10)	(146.86)
Proceeds from sale of fixed assets	76.27	47.01	20.13	0.33
Purchase of / advance towards investments (net)	(1,869.51)	(195.97)	96.81	1.60
Interest Received	637.30	982.93	665.90	11.01
Dividend Received	2.10	1.18	6.00	0.10
Financials Proceeds from redemption/(purchase) of mutual funds and other units (net)	29.68	(208.66)	369.56	6.11
Long term loans repaid/(given) (net)	(1,520.78)	(201.21)	77.33	1.28
Short term loans given (net)	(741.87)	(947.69)	(426.13)	(7.04)
Movement in other bank balances	895.00	(1,732.07)	(1,139.06)	(18.83)
Inter-corporate deposits encashed / (placed) (net)	(403.30)	673.30	(32.68)	(0.54)
Payment towards acquisition of Subsidiary	(9,130.97)	—	6.36	(0.11)
NET CASH USED IN INVESTING ACTIVITIES (B)	(52,900.32)	(50,968.95)	(41,232.50)	(681.53)

	For the year ended 31 March			
	2012 ⁽²⁾	2013 ⁽²⁾	2014	
	Rs. (million)	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of Preference Shares (including securities premium)	—	—	7,529.00	124.45
Preference issue expenses adjusted against securities premium	—	—	(67.23)	(1.11)
Proceeds from borrowings	50,753.90	57,558.47	77,356.19	1,278.57
Repayments of borrowings	(10,232.23)	(15,711.72)	(41,802.46)	(690.95)
Finance costs paid	(6,740.31)	(13,713.18)	(20,460.33)	(338.19)
Dividend paid	(687.83)	(777.07)	(780.93)	(12.91)
Tax on dividend paid	(106.47)	(129.89)	(162.21)	(2.68)
Capital Grant received	1,929.09	4,554.45	2,591.46	42.80
Proceeds from minority interest (including securities premium)	377.16	515.30	1,035.30	17.11
Restructuring Charges paid by a subsidiary	—	—	(869.37)	(14.37)
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	35,293.31	32,296.36	24,369.42	402.60
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,681.63)	800.48	1,108.83	18.33
Cash and Cash Equivalents at the beginning of the year	4,359.70	2,742.62	3,577.60	59.13
Impact of Foreign Currency translation	64.55	34.50	104.24	1.72
Impact of acquisition of subsidiary	—	—	(1,320.87)	(21.83)
Cash and Cash Equivalents at the end of the year	2,742.62	3,577.60	6,111.54	101.02
Net increase / (Decrease) in cash and cash equivalents . . .	(1,681.63)	800.48	1,108.83	18.33
Note:				
Components of cash and cash equivalents:				
Cash on hand	14.81	23.42	35.91	0.59
Balances with banks in current accounts	1,373.19	2,349.06	5,147.55	85.08
Balances with banks in Deposit accounts	1,354.62	1,205.12	928.08	15.34
	2,742.62	3,577.60	6,111.54	101.01
Unpaid dividend accounts	0.35	1.44	4.20	0.07
Balances held as margin money or security against borrowings	94.90	623.08	597.10	9.87
Cash and cash equivalents as per balance sheet	2,837.87	4,202.12	6,712.84	110.95

(1) US\$1.00 = ₹60.50 (which was the average exchange rate for the fiscal year ended 31 March 2014).

(2) The figures for fiscal year 2012 and 2013 are as reflected in the comparative fiscal year 2012 and fiscal year 2013 in the consolidated financial statements for fiscal year 2013 and fiscal year 2014, respectively.

Interim Financial Information

Unaudited Consolidated Statements of Profit and Loss for the nine months ended 31 December

	For the period ended 31 December		
	2013	2014	
	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
Revenue from Operations	47,577.03	50,174.90	825.52
Other Income	933.02	2,382.93	39.21
Total Revenue	48,510.05	52,557.83	864.73
Expenses:			
Cost of materials consumed	1,062.36	1,192.50	19.62
Operating expenses	25,646.49	25,053.85	412.21
Employee benefits expense	3,131.44	3,416.18	56.21
Finance costs (net)	11,032.97	13,717.89	225.70
Depreciation and amortisation expense	971.40	1,403.30	23.09
Administrative and general expenses	2,665.94	3,442.54	56.64
Total Expenses	44,510.60	48,226.26	793.47
Profit before tax	3,999.45	4,331.57	71.27
Tax expenses			
(1) Current tax	1,290.16	1,458.45	24.00
(2) Tax relating to earlier years written back	(263.09)	(26.58)	(0.44)
(3) Deferred tax (net)	(395.87)	(373.21)	(6.14)
(4) MAT Credit entitlement	(102.08)	(91.23)	(1.50)
Total tax expenses	529.12	967.43	15.92
Profit before share of associates and share of minority interest	3,470.33	3,364.14	55.35
Share of profit of associates (net)	35.70	96.63	1.59
Share of (profit)/loss to minority interest (net)	(49.73)	196.79	3.24
Profit for the nine months	3,456.30	3,657.56	60.18
Earnings per share equity share of face value of ₹10 each			
a. Basic (not annualised)	15.93	12.26	
b. Diluted (not annualised)	15.93	12.26	

(1) US\$1.00 = ₹60.78 (which was the average exchange rate for the period ended December 2014).

Standalone Financial Information

Standalone Audited Balance Sheet as at 31 March

	As at 31 March			
	2012 ⁽²⁾	2013 ⁽²⁾	2014	
	Rs. (million)	Rs. (million)	Rs. (million)	US\$ ⁽¹⁾ (million)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1,942.68	1,942.68	5,707.18	94.96
Reserves and surplus	17,495.41	19,306.00	24,114.45	401.24
	19,438.09	21,248.68	29,821.63	496.20
Non-current liabilities				
Long-term borrowings	4,000.00	18,600.00	26,907.85	447.72
Deferred tax liabilities (net)	21.22	5.74	207.56	3.45
Other long term liabilities	2,533.93	3,322.42	4,032.30	67.10
Long-term provisions	6.11	8.81	39.13	0.65
	6,561.26	21,936.97	31,186.84	518.92
Current liabilities				
Current maturities of long term debt	8,500.00	9,850.00	11,067.50	184.15
Short-term borrowings	14,760.60	8,933.70	8,265.17	137.52
Trade payables	4,452.28	6,225.43	10,294.95	174.30
Other current liabilities	5,546.13	3,121.76	4,943.59	82.26
Short-term provisions	1,145.47	1,166.70	1,690.36	28.13
	34,404.48	29,297.59	36,261.57	603.36
TOTAL	60,403.83	72,483.24	97,270.04	1,618.48
ASSETS				
Non-current assets				
Fixed assets				
-Tangible assets (net)	142.83	146.54	179.26	2.98
-Intangible assets (net)	158.76	104.59	108.09	1.80
-Capital work in progress	3.19	25.67	24.12	0.40
Non-current investments (net)	25,145.90	31,462.11	39,991.69	665.42
Long-term loans and advances	15,109.50	12,946.86	13,440.81	223.64
Other non-current assets	1,021.28	2,181.58	4,197.76	69.85
	41,581.46	46,867.35	57,941.73	964.09
Current assets				
Trade receivables (net)	9,939.56	15,977.52	24,953.26	415.21
Cash and cash equivalents	40.78	54.86	111.42	1.85
Short-term loans and advances	7,677.82	7,120.07	11,855.40	197.26
Other current assets	1,164.21	2,463.44	2,408.23	40.07
	18,822.37	25,615.89	39,328.31	654.39
TOTAL	60,403.83	72,483.24	97,270.04	1,618.48

(1) 1 US\$ = ₹60.10 (which was the closing exchange rate as at 31 March 2014, as reported by the RBI).

(2) The figures for fiscal year 2012 and 2013 are as specified in the comparative fiscal year 2012 and fiscal year 2013 in the consolidated financial statements for fiscal year 2013 and fiscal year 2014, respectively.

RISK FACTORS

Investors should carefully consider all the information in this Offering Circular, including the risks and uncertainties described below, before making an investment in the Notes. If any of the following risks actually occur, the business of the Issuer and the Guarantor, their respective results of operations and financial condition could suffer, the price of the Notes could decline, and the investors may lose all or part of their investment. The risks and uncertainties described below are not the only risks that the Issuer and the Guarantor currently, or may, face in the future. Additional risks and uncertainties not presently known to the Issuer and the Guarantor may also have an adverse effect on the business, results of operations and financial condition of the Issuer or the Guarantor. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors.

Risks relating to the Business

The Guarantor is subject to risks associated with debt financing in its loan arrangements and the limitations imposed on the Guarantor by such loan arrangements could have significant adverse consequences.

The Guarantor has substantial indebtedness on account of loans availed from Indian and overseas financial institutions, and will continue to have substantial indebtedness and debt service reserve obligations. Therefore the Guarantor is subject to various risks associated with debt financing. The level of debt and the limitations imposed on the Guarantor by their current or future loan arrangements could have significant adverse consequences, including, but not limited to, the following:

- the Guarantor's cash flows may be insufficient to meet its required principal and interest payments;
- payments of principal and interest on borrowings may leave the Guarantor with insufficient cash resources to fund its operations or make new strategic acquisitions;
- the Guarantor may be unable to borrow additional funds as needed or on favourable terms;
- the duration of cash flows from the Guarantor's assets may not match the duration of the related financing arrangements and it may be exposed to refinancing risk. The Guarantor may be unable to refinance indebtedness at maturity or the refinancing terms may be less favourable than the terms of the original indebtedness;
- fluctuations in market interest rates may adversely affect the cost of borrowings, since the interest rates on borrowings may be subject to changes based on the prime lending rate of the respective bank lenders;
- the Guarantor may be subject to certain restrictive covenants, which may limit or otherwise adversely affect its operations, such as its ability to incur additional indebtedness, acquire properties, make certain other investments or make capital expenditures;
- additionally, the Guarantor is required to maintain certain financial ratios (such as debt:net worth and interest coverage ratio) and its future borrowings may also contain similar restrictive provisions;
- the Guarantor may also be subject to certain affirmative covenants, which may require it to set aside funds or reserves for maintenance or repayment of security deposits or maintain debt servicing or leverage ratios within a certain level;
- the Guarantor may be more vulnerable to economic downturns, may be limited in its ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions;
- the Guarantor may be subject to adverse revisions to its credit ratings for domestic and international debt by rating agencies; and
- there can be no assurance that the Guarantor will generate cash in an amount sufficient to enable it to service its debt or fund other liquidity needs. In addition, the Guarantor may need to refinance all or a portion of its debt on or before maturity. There can be no assurance that the Guarantor will be able to refinance any of its debt on commercially reasonable terms, or at all.

The Guarantor's and Issuer's ability to generate sufficient cash to satisfy their debt obligations will depend on their future operating performance, which may be affected by prevailing economic conditions and financial, business and other factors beyond their control. There can be no assurance that the Guarantor and the Issuer will be able to generate sufficient cash flow to meet all of their debt obligations. If the Guarantor or the Issuer is unable to make payments due under their debt facilities, the lenders may be able to declare an event of default and initiate enforcement proceedings relating to any security provided in respect of the loan facilities, and/or call upon any guarantees.

Furthermore, if prevailing interest rates or other factors at the time of financing or re-financing (including changes in market conditions and maturity term imposed by any lenders) result in higher interest rates, the interest expense may be significant and may adversely affect the Guarantor's cash flows.

Additionally, a significant portion of the Guarantor's loans are repayable within 24 months from the date of disbursement. As of 31 March 2014, the aggregate amount of the Guarantor's borrowed funds was Rs.46,240.52 million (US\$769.39 million) on a standalone basis and Rs.188,165.29 million (US\$3,130.87 million) on a consolidated basis. The Guarantor's debt-equity ratio, as of 31 March 2014, was 1.78 and 4.16 on a standalone and consolidated basis, respectively. As of 31 December 2014, the aggregate amount of the Guarantor's borrowed funds was Rs.64,339.17 million (US\$1,015.94 million) on a standalone basis and Rs.222,517.05 million (US\$3,513.61 million) on a consolidated basis. The Guarantor's debt to equity ratio, as of 31 December 2014 stood at 1.72 and 3.81 on a standalone and consolidated basis, respectively.

The Guarantor and its joint ventures are exposed to the credit risks of certain other third parties, and the non-performance or insolvency of these parties could adversely affect their financial condition and results of operations.

The Guarantor may grant credit terms to certain of their contractors and other third parties and are therefore exposed to potential payment delays and default by such contractors and third parties. Any default, non-payment or non-performance by such contractors and certain other third parties could adversely affect their financial condition and results of operations. Furthermore, some contractors and other third parties may be highly leveraged and subject to their own operating and regulatory risks. There can be no guarantee that contractors and other third parties will be able to fulfil their payment obligations to the Guarantor. Any major delay or default by one or more of these contractors or other third parties could significantly affect revenues, and consequently, the cash flows and financial performance of the Guarantor.

The Guarantor's business is working capital intensive and it may not be able to finance its working capital needs or secure other financing when needed on acceptable commercial terms.

The Guarantor's business is working capital intensive. In many cases, significant amounts of working capital are required to finance the purchase of materials, the hiring of equipment and the performance of engineering, construction and other work on projects before payments are received from clients. In certain cases, the Guarantor may be contractually obligated to its clients to fund the working capital requirements of its projects. Funding working capital requirements requires access to debt at reasonable interest rates. If interest rates increase, the Guarantor's and Issuer's ability to service their debt and their ability to obtain additional debt for future projects could be adversely affected with a concurrent adverse effect on its financial position and results of operations.

The Guarantor's working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase working capital burdens. In addition, the Guarantor's working capital requirements have increased in recent years because it has undertaken a growing number of large projects and more projects with an overlapping timeframe and due to the growth of the Guarantor's business generally.

Due to various factors, including certain extraneous factors such as changes in interest rates or borrowing and lending restrictions, the Guarantor may not be able to finance its working capital needs or secure other financing when needed on acceptable commercial terms. Any such situation would adversely affect its businesses and growth prospects.

There can be no assurance that the Guarantor may be able to successfully undertake future acquisitions or efficiently manage the businesses it has acquired or may acquire in the future.

The Guarantor's growth strategy in the future may involve strategic acquisitions, partnerships and exploration of mutual interests with other parties. The Guarantor intends to continue looking for opportunities for enhancing its international footprint by partnering selectively with local businesses in other jurisdictions and by pursuing projects in other countries. In December 2011, the Guarantor acquired a 49 per cent. stake in Yuhe through ITNL International. While the Guarantor intends to further expand its geographical reach through such joint ventures, it may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. The success of the Guarantor's past acquisitions and any future acquisitions will depend upon several factors, including the ability to identify and acquire businesses on a cost-effective basis, ability to integrate acquired personnel, operations, products and technologies into its organisation effectively, unanticipated problems or legal liabilities of the acquired businesses and tax or accounting issues relating to the acquired businesses. Therefore, there can be no assurance that the Guarantor will be able to achieve the strategic purpose of such an acquisition or operational integration or an acceptable return on such an investment.

The Guarantor's international projects expose it to certain execution risks.

As part of the Guarantor's business strategy, it has continued to expand its international operations through ITNL International. In March 2008, the Guarantor commenced its international operations through the acquisition of Elsamex, whose primary business is the maintenance of roads, buildings and petrol stations, mainly in Spain, with additional operations in Portugal in Europe, Botswana in Africa, Columbia in South America and Mexico in North America. It is also currently involved in the operation, management and maintenance of the Yuhe Expressway, consisting of four-lane dual carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China. The Guarantor has established offices in Dubai and Nigeria through ITNL International, and is pursuing surface transport infrastructure projects in the UAE and Nigeria among other jurisdictions. The Guarantor has recently, through Intevial Gestao Integral Rodoviaria SA, a wholly owned subsidiary of Elsamex been awarded 12 contracts by Estradas de Portugal (the Roads Development Company of the Government of Portugal) for maintenance of roads in several provinces of Portugal, including Oporto, Santarem and Coimbra, and is undertaking the contract for the maintenance of the Abu Dhabi Al Ain highway and truck road in consortium with ASCON Road Construction L.L.C., UAE. The Guarantor's joint venture with Elsamex has recently been awarded procurement contracts under the output and performance based road contract system in Botswana. For further details, see "*Business Description—International Operations*". In the fiscal year 2014 and the nine months ended 31 December 2014, respectively, the Guarantor's revenue in foreign currencies constituted 19.10 per cent. and 18.78 per cent. of its consolidated revenue, and expenses in foreign currencies 22.15 per cent. and 22.98 per cent. of its consolidated expenses. For any geographic expansion outside India, the Guarantor may have to use sub-contractors with whom it is not familiar, which could increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates. Further, the Guarantor needs to adhere to stringent regulatory requirements, including environmental regulations in such jurisdictions. This could also result in an increase in costs for compliance with such regulatory requirements, thereby adversely affecting the Guarantor's profitability and results of operation.

The Guarantor's current insurance coverage may not protect it from all forms of losses and liabilities associated with its businesses.

Road infrastructure development project contracts are subject to various risks including:

- political, regulatory and legal actions that may adversely affect a project's viability;
- changes in government and regulatory policies;
- delays in construction and operation of projects;
- shortages of or adverse price movement for construction materials;
- design and engineering defects;
- breakdown, failure or substandard performance of equipment;
- improper installation or operation of equipment;
- labour disturbances;
- terrorism and acts of war;
- inclement weather and natural disasters;
- environmental hazards, including earthquakes, flooding, tsunamis and landslides; and
- adverse developments in the overall economic environment in India.

There can be no assurance that all risks are adequately insured against or that the Guarantor will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Natural disasters in the future may disrupt traffic thereby adversely impacting toll collections, cause significant disruption to operations, damage to properties and the environment that could have a material adverse impact on the Guarantor's and the Issuer's business and operations.

In addition, not all of the above risks may be insurable, on commercially reasonable terms or at all. For example, the Guarantor may be required under concession agreements or other project development contracts to maintain the quality of the roads and to repair the roads in the event of damage to the roads on account of accidents or due to other reasons. Accordingly, the Guarantor may need to incur significant expenditure to repair the damaged roads and maintain the roads in good condition, particularly if the damage is major, unanticipated or uninsured. Although the Guarantor believes that it has obtained insurance coverage customary to its business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that the Guarantor or the Issuer suffers damage or losses which

are not covered by insurance, or exceeds its insurance coverage, the loss would have to be borne by them. The proceeds of any insurance claim may also be insufficient to cover the rebuilding costs as a result of inflation, changes in regulations regarding infrastructure projects, environmental and other factors. There can be no assurance that material losses in excess of insurance proceeds will not occur in the future.

The departure of senior management, key personnel and skilled employees could adversely affect the Guarantor's business and its ability to pursue its growth strategies.

The Guarantor's business demands an experienced management team and skilled employee workforce that is familiar with areas necessary for its operations. While the Guarantor has been successful in attracting experienced, skilled professionals, the loss of any key member of its management team, or employees, or the failure to attract and retain additional such employees, could slow the execution of its business strategies, including expansion into new sectors and markets. The loss of the services of the Guarantor's senior management or its inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on its business and operations. Competition for such personnel from numerous companies in the same or similar industries may limit the Guarantor's ability to attract and retain them on acceptable terms, or at all.

The Guarantor's financial condition and business prospects could be materially and adversely affected if it does not complete projects as planned or if projects experience delays.

The Guarantor's projects under development have a long gestation period before they become operational or generate profit. The Guarantor's projects are typically required to achieve financial closure no later than the commencement of construction as specified under the relevant concession agreement. The completion targets for projects are based on estimates and are subject to various risks, including, among other things, contractor performance shortfalls, unforeseen engineering problems, force majeure events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals, fluctuations in market interest rates, changes in governmental policies or budgetary allocations any of which could give rise to delays, cost overruns or the termination of a project's development.

In projects where the Guarantor experiences such events, it typically submits a claim for change in scope or an x-factor claim for costs incurred due to delays or overruns. Such claims, which are often of a significant amount, are recommended by the independent consultants appointed in relation to the concessions, and then approved by the National Highways Authority of India ("NHAI"), which is a time-consuming process. There can be no assurance that claims made by the Guarantor will be accepted by NHAI and it will be compensated for additional costs incurred without considerable delay, or at all.

In addition, completion of projects can be delayed by other risks, including increased raw material or labour costs, unfavourable financing conditions, damage or injury to third parties, interruptions to construction due to bad weather, unforeseen environmental or engineering problems, failure to perform by contractors or suppliers, site accidents or other incidents and contractual disputes with construction contractors. The Guarantor may also experience disruptions to its operations due to disputes with, or strikes, lock-outs or protests by its work force, which may adversely affect its business. The Guarantor enters into contracts with independent contractors to complete specified assignments, and typically do not directly engage the labour necessary to complete such assignments. However, the Guarantor may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments, or even be required to absorb a portion of such contract labourers as permanent employees under the Contract Labour (Regulation and Abolition) Act, 1970.

The Guarantor also may not be able to recover costs incurred during the concession period from the relevant authorities as per the terms of the concession agreements in a timely manner, or at all. For instance, in relation to the bus services being provided in Nagpur, the Guarantor had sent a notice of demand cum reference of dispute to arbitration to the Nagpur Municipal Corporation ("NMC") in August 2014, for reimbursement of costs incurred in providing concessions to passengers in accordance with the terms of the concession agreement, which are recoverable from NMC. There can be no assurance that the Guarantor will be successful in recovering this amount, or similar amounts claimed from concessioning authorities in the future.

The failure to complete projects within the required period and in accordance with agreed specifications could render benefits granted by the government unavailable or may result in higher costs, penalties or liquidated damages, invocation to performance guarantees, cancellation of concession agreement, loss of equity contribution in the project, lower returns on capital or reduced earnings. In addition, such delays or failure would delay the commencement of toll operations and annuity payments from such projects. Moreover, any loss of the Guarantor's goodwill could adversely affect its ability to pre-qualify for new projects. Such loss of revenue or any of the foregoing factors could materially and adversely affect the Guarantor's business, cash flows, reputation, prospects and results of operations.

The Guarantor's business is significantly dependent on policies of the Government of India and various government entities in India and other countries in which it has operations and could be materially and adversely affected if there are adverse changes in such policies.

The Guarantor's business is significantly dependent on various central and state government entities, in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the surface transportation industry, as well as in terms of the contractual arrangements, concessions and other incentives the Guarantor receives from these government entities for existing and potential projects. Sustained increases in budgetary allocations by the central government and various state governments for investments in the infrastructure sector, the development of structured and comprehensive infrastructure policies that encourage greater private sector participation and increased funding by international and multilateral development financial institutions in infrastructure projects in India have resulted in and are expected to continue to result in increases in the amount of transportation infrastructure projects undertaken in India. Any adverse change in the focus or policy framework regarding infrastructure development or the surface transportation industry, of the Government of India and various government entities in India and other countries in which the Guarantor has operations, could adversely affect existing projects and opportunities to secure new projects.

Additionally, the projects in which government entities participate may be subject to delays, extensive internal processes, policy changes, changes due to local, national and internal political pressures and changes in governmental or external budgetary allocation and insufficiency of funds. Since government entities are responsible for awarding concessions and maintenance contracts and a party to the development and operations of the projects, the Guarantor's business is directly and significantly dependent on their support. Any withdrawal of support or adverse changes in their policies may lead to agreements being restructured or renegotiated and could also materially and adversely affect financing, capital expenditure, revenues, development or operations relating to existing projects as well as the Guarantor's ability to participate in competitive bidding or bilateral negotiations for future projects.

The Guarantor is subject to extensive regulation by the Government of India, state governments and local authorities with which it may not be able to comply and which may require more time and cost to comply with.

The surface transport industry in India is heavily regulated by the Government of India, state governments and local authorities. The Guarantor is required to comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities such as clearances for tree cutting, burrowing of earth, quarrying stones, drawal and usage of water and establishing labour camps. Prior to the commencement of construction, the Guarantor is required to obtain clearances from pollution control boards, approvals from local airports and air force bases and state telecommunications authorities and fire services. Often, the same type of clearances, permits and approvals may be required from multiple state and local authorities in cases where the scope of the project is across jurisdiction of two or more state governments and/or local authorities. The Guarantor may have to revise its strategies and plans to be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the surface transport sector and which may impose significant monetary costs on the Guarantor's business. Although the Guarantor believes that its projects are in compliance with applicable laws and regulations in all material aspects, there could be instances of non-compliance, which may subject the Guarantor to regulatory action in the future, including penalties, suspension or termination of concession and other legal proceedings.

The Guarantor's revenues from BOT toll roads are subject to significant fluctuations due to changes in traffic volumes and decline in traffic volumes could also affect revenues.

For the fiscal years ended 2012, 2013 and 2014 and nine months ended 31 December 2014, the Guarantor generated 4.00 per cent., 5.38 per cent., 6.14 per cent. and 5.54 per cent., respectively, of revenues from toll receipts. All toll revenues depend on toll receipts and are affected by changes in traffic volumes. Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside the Guarantor's control, including toll rates, fuel prices, the affordability of automobiles, the quality, convenience and travel time on alternate routes outside the Guarantor's network and the availability of alternate means of transportation, including rail networks and air transport. Moreover, the Guarantor's cash flows are affected by seasonal factors, which may adversely affect traffic volumes. While traffic volume tends to decrease during the monsoon season, it tends to increase during holiday seasons.

Traffic volumes are also influenced by the convenience and extent of a toll road's connections with other parts of the local and national highway and toll road network, as well as the cost, convenience and availability of other means of transportation. There can be no assurance that future changes affecting the road network in India, through road additions and closures or through other traffic diversions or redirections, or the development of other means of transportation, such as air or rail transport, will not adversely affect traffic volume on the

Guarantor's toll roads. Revenue from toll receipts is affected by traffic volume and tariff rates, both of which are outside the Guarantor's control. The tariff structure is fixed upon acceptance of a project and the Guarantor does not have the ability to change it. In addition, the Guarantor is also subject to decreases in receipts from BOT toll roads projects for which the Guarantor has auctioned the toll receipts for one-year periods. In the event that the Guarantor experiences a significant decrease in traffic volumes on BOT toll roads, the Guarantor may experience a corresponding decrease in its revenues, and its profitability, cash flows, financial condition and results of operations may be materially and adversely affected.

The Guarantor's financial results may be subject to seasonal variations.

The Guarantor's business and operations are affected by seasonal factors, which may require the evacuation of personnel, suspension or curtailment of operations, and often results in damage to construction sites or delays in the delivery of materials. While the northern parts of India experience monsoon rains during the period from June or July until September or October every year, certain parts of southern parts of India experience monsoon rains during the months of October to December. In particular, the monsoon season in India may restrict the Guarantor's ability to carry on activities related to its projects and fully utilise the Guarantor's resources. This may result in delays to the Guarantor's contract schedules and reduce its productivity. During such periods of curtailed activity, the Guarantor may continue to incur operating expenses but its project related activities may be delayed or reduced. Such fluctuations may adversely affect the Guarantor's cash flows and business operations related to the toll roads operated and managed by it.

The Guarantor's ability to negotiate standard form government contracts may be limited and it may be forced to accept unusual or onerous provisions in such contracts.

The Guarantor relies on government-owned entities (within and outside India), such as the NHAI, the Public Works Department and Departments of Road Transport & Highways of state governments for its revenues. Political or financial pressures could cause them to force the Guarantor to renegotiate contracts and could adversely affect their ability to pay. For example, NHAI's revenues are dependent upon grants from the Government of India, premiums from private road developers and cash flows generated by its toll road operations, and if such revenues are not sufficient to discharge its liabilities, there may be pressure to reduce the payments the Guarantor is entitled to receive from NHAI. There can be no assurance that the payments the Guarantor is entitled to receive under various road concession agreements will not be subject to reductions by government entities. Any such reduction, if material, could materially and adversely affect the Guarantor's business, prospects and results of operations. In addition, the Guarantor's ability to negotiate the terms of contracts with government-owned entities is limited and it may be forced to accept unusual or onerous provisions in such contracts in order to be hired for the projects. Such provisions may limit amounts it can recover for its services or cause it to incur additional costs not typically borne by it.

The Guarantor has obtained unsecured debt from IL&FS and certain group companies that are repayable on demand.

The Guarantor has obtained unsecured debt from one of the IL&FS Group companies that are repayable on demand. In the event that IL&FS and such IL&FS Group companies call in these loans, the Guarantor would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.

Contingent liabilities could adversely affect the Guarantor's financial condition.

The table below sets out the details of the Guarantor's off-balance sheet items and contingent liabilities on a consolidated basis:

<u>Particulars</u>	<u>As at 31 December 2014</u>	<u>As at 31 March 2014</u>
	Rs. in million	
Claims against the group not acknowledged as debt	3,350.30	906.35
Income tax demands contested by group	343.11	720.92
Other tax liability	83.92	83.92
Royalty to Nagpur Municipal Corporation	10.74	10.74
Guarantees/counter guarantees issued to outsider in respect of other than the Group	229.79	329.06

In case of income tax disputes decided in favour of the Group at the First Appellate Authority for amounts disallowed amounting to Rs.1,115.26 million (US\$17.61 million) (31 March 2014), the Income Tax department has gone for further appeal in all the cases. If decided against the Group, it will result in reduction of unabsorbed depreciation as per the Income Tax laws. If any of these contingent liabilities materialise, the profitability of the Guarantor could be adversely affected.

The Guarantor is involved in legal proceedings in various states in India, both as plaintiff and as defendant, which if determined against it could have a material adverse effect on its financial condition and results of operations.

The Guarantor and certain of its subsidiaries are currently involved in a number of legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. If any new developments arise, for example, a change in Indian law or rulings against the Guarantor or its subsidiaries by the appellate courts or tribunals, the Guarantor may face losses and it may have to make further provisions in its financial statements, which could increase its expenses and its liabilities. Decisions in such proceedings adverse to the Guarantor's interests may have a material adverse effect on its business, financial condition, results of operations and cash flows.

Should any new developments arise, such as a change in law or rulings against the Guarantor by appellate courts or tribunals, it may need to make provisions in its financial statements, which could adversely impact its reported financial condition and results of operations. Furthermore, if significant claims are determined against the Guarantor and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on its business and profitability. The Guarantor cannot provide any assurance that these matters will be decided in its favour. Further, there is no assurance that similar proceedings will not be initiated against the Guarantor or its Directors in the future.

The Guarantor does not own its registered and corporate office and some of the other premises from which it operates.

The Guarantor does not own the premises on which its registered and corporate office is situated. The Guarantor operates from rented and leased premises. The lease agreements are renewable at the Guarantor's option upon payment of such rates as stated in these agreements. If the owner of such premises does not renew the agreement under which it occupies the premises or renew such agreements on terms and conditions that are unfavourable to the Guarantor, it may suffer a disruption in its operations which could have a material adverse effect on its business and operations. For the immovable properties for the Guarantor's other offices, it enters into lease or license arrangements. Certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements.

The Guarantor's failure to successfully diversify or implement and integrate its expanded operations into its existing business operations could adversely affect its results of operations.

The Guarantor's expansion and diversification strategy contemplates diversification into additional sub-sectors of the surface transport infrastructure industry, including operations and management, rail, urban mass-rapid transport, border check posts and multi-level parking facilities and the operations therein, thereby exposing it to new business risks which it may not have the expertise, capability or the systems to manage. This strategy will place significant demands on the Guarantor's management, financial and other resources. It will require the Guarantor to continuously develop and improve its operational, financial and internal controls and will increase the challenges involved in recruitment, training and retaining sufficient skilled technical and management personnel and developing and improving its internal and administrative infrastructure.

The Guarantor may face significant challenges such as intense competition from well established companies in these sub-sectors and pre-qualification requirements that it may not be able to meet given its limited experience in these sub-sectors. The Guarantor has also undertaken the concession for mobilisation, operation and maintenance of the bus services in the city of Nagpur, where the Guarantor has incurred losses in the past. While the Guarantor believes such loss has not materially affected its business and operations in an adverse manner, no assurance can be given that a failure to successfully implement such future business ventures would not have a material adverse effect on the Guarantor's business, financial position and results of operations, though such material adverse effect cannot be quantified monetarily. Any failure to integrate the expanded operations into its existing business operations or any failure to manage these successfully could materially and adversely affect the Guarantor's business, financial condition and results of operations.

The Guarantor is subject to certain restrictive covenants under its financing arrangements.

The Guarantor has entered into certain loan agreements with various lenders including, among others, State Bank of India, United Bank of India, Yes Bank Limited, Development Credit Bank Limited, Bank of Maharashtra, State Bank of Travancore, Lakshmi Vilas Bank Limited, South Indian Bank Limited, State Bank of Patiala, Bank of Bahrain and Kuwait, Allahabad Bank, Axis Bank Limited, Karur Vysya Bank, Ratnakar Bank Limited, Oriental Bank of Commerce, Bank of Baroda State Bank of Bikaner and Jaipur, Industrial and Commercial Bank of China, Jammu and Kashmir Bank, Nainital Bank, Standard Chartered Bank and Deutsche Bank AG. Most of these loan agreements contain certain restrictive covenants, such as requiring consent of the lenders, *inter alia*,

for issuance of new shares, creating further encumbrances on its assets, disposing of its assets and declaring dividends or incurring capital expenditures beyond certain limits. Some of these loan agreements also contain covenants which limit the Guarantor's ability to make any change or alteration in its capital structure, its memorandum and articles, make investments and effect any scheme of amalgamation or restructuring. The Guarantor's joint ventures and associates, over whom it does not exercise control, also enter into financing arrangements and the Guarantor cannot assure that they are and shall continue to be in compliance with all conditions and covenants stipulated under the financing arrangements.

Any failure by the Guarantor to service its indebtedness, maintain the required security deposits, maintain debt/equity ratios or otherwise perform its obligations under financing agreements could lead to a termination of one or more of its credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities, or enforcement of substitution rights by the Guarantor's lenders as a result of which it may lose certain or all of its concession rights over the project and the entity substituted by the lender may replace the Guarantor as the concessionaire to implement the project, any of which may adversely affect the Guarantor's business, financial condition and results of operations.

The Guarantor is dependent on IL&FS to successfully source and implement certain of its projects and business objectives and in the event that IL&FS does not continue to support the Guarantor in the future, the Guarantor may not be able to bid for or win new projects or sustain and implement its existing projects which may have a material adverse effect on its business strategy, results of operations and financial condition.

The Guarantor is dependent on its promoter and controlling shareholder, IL&FS, for the successful implementation and completion of certain of its projects. For instance, the Guarantor is dependent on IL&FS to meet pre-qualification criterion and negotiation of bilateral contracts with state governments, during the competitive bidding process and for arranging financing for certain of its projects. In the event IL&FS does not continue to support the Guarantor in the future, the Guarantor may not be able to bid for or win new projects or sustain and implement the Guarantor's existing projects, which may have a material adverse effect on the Guarantor's business strategy, results of operations and financial condition.

Elsamex's operations contribute significantly to the Guarantor's revenues and the Guarantor is therefore highly dependent on Elsamex's performance and hence any material adverse effect on Elsamex's business, financial condition, profitability and results of operations could have a material adverse effect on the Guarantor's revenues, financial condition, and results of operations.

Elsamex's maintenance business has low profit margins as a result of relatively high interest expenses and a relatively high percentage of fixed costs. Elsamex's maintenance revenues fluctuate depending on the economic conditions in the locations where it operates, changes in governmental policies or budgetary allocations for spending on maintenance of roads or the non-renewal of contracts.

For the fiscal years ended 2012, 2013 and 2014 and nine months ended 31 December 2014, 13.42 per cent., 14.47 per cent., 15.99 per cent. and 15.61 per cent. of the Guarantor's consolidated revenues, respectively, were attributable to its interest in Elsamex. As a result, any condition which might have a material adverse effect on Elsamex's business, financial condition, profitability and results of operations, such as changes in the economic conditions or applicable regulations in Spain, Portugal or other countries where Elsamex has its operations could have a material adverse effect on the Guarantor's revenues, financial condition, and results of operations.

After the acquisition of 77.39 per cent. equity in Elsamex by ITNL International, Elsamex will become a wholly owned subsidiary of ITNL International and its revenue will form a significant portion of ITNL International's revenues.

The information in relation to the Guarantor's "projects-under-development", "pre-qualified" and "preferred bidder" projects included elsewhere in this Offering Circular is not representative of its future results and do not provide indications in relation to cancellations or scope adjustments that may occur to some of such projects. Also, there is no assurance that the project in which the Guarantor is preferred bidder would ultimately be awarded to it.

The information the Guarantor has provided in relation to its "projects-under-development," "pre-qualified," and "preferred bidder" projects is not representative of its future results. The Guarantor may not be awarded the projects for which it has pre-qualified or have been selected as preferred bidders. Even if the Guarantor is eventually awarded a project, it may not be able to achieve financial closure, enter into a concession agreement and commence or complete construction due to a number of factors, including those relating to construction, financing and operational risks. For further details, see "Business Description". Additionally these projects are subject to cancellations or changes in scope or schedule. The Guarantor may also encounter problems executing such projects or executing them on a timely basis. Moreover, factors beyond the Guarantor's control or the

control of its customers may cause projects to be postponed or cancelled, including because of delays or failures to obtain necessary permits, authorisations, permissions, and other types of difficulties or obstructions.

Even relatively short delays or surmountable difficulties in the execution of a project could result in the Guarantor's failure to receive, on a timely basis or at all, all payments otherwise due to it on a project. In addition, even where a project proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. Such default and failure may have a material adverse effect on its business, financial condition, results of operations and cash flows.

The Guarantor's projects under construction and development are subject to construction, financing and operational risks and failure in development; financing or operation of any such projects will materially and adversely affect its business and results of operations.

The development of new projects involves various risks, including, among others, land acquisition risk, regulatory risk, construction risk, financing risk and the risk that these projects may ultimately prove to be unprofitable. Entering into any new projects may pose significant challenges to the Guarantor's management, administrative, financial and operational resources. For instance, certain entities of the Group are currently involved in litigation wherein the allotment of land for certain projects has been challenged or injunctions have been sought to restrain such entities from dispossessing the plaintiffs from, and/ or interfering in the use of the property of such persons.

There can be no assurance that the Guarantor will succeed in any new projects that it invests in or that it will recover its investments. Any failure in the development, financing or operation of any of its material new projects is likely to materially and adversely affect the Guarantor's business, prospects, financial condition and results of operations. The Guarantor may be adversely affected if the completion of the projects under construction or development is delayed or not as envisaged by the Guarantor under the respective concession agreement, due to:

- the contractors hired may not be able to complete the construction of the project on time, within budget or to the specifications and standards as set out in the contracts entered into with them;
- failure to obtain necessary government approvals in time or at all;
- delays in completion and commercial operation could increase the financing costs associated with the construction and cause the forecasted budget to be exceeded;
- inability to obtain adequate working capital or other financing to complete construction of and to commence operations of the project; and
- inability to recover the amounts the Guarantor has invested in the projects if the assumptions contained in the feasibility studies for these projects do not materialize.

Any of the foregoing factors could materially and adversely affect the Guarantor's business, financial condition, cash flows, profitability and reputation.

The Guarantor may be subject to increases in operations and maintenance costs, which may adversely affect its business, financial condition and results of operations.

The operation and maintenance costs of the Guarantor's projects may increase due to factors beyond the Guarantor's control, including:

- the standards of maintenance or road safety applicable to projects prescribed by the relevant regulatory authorities;
- the requirement to restore projects in the event of any landslides, floods, road subsidence, other natural disasters accidents or other events causing structural damage or compromising safety; or
- higher axle loading, traffic volume or environmental stress leading to more extensive or more frequent heavy repairs or maintenance costs. The cost of major repairs may be substantial and repairs may adversely affect traffic flows.

Such factors may reduce the Guarantor's profits and could materially and adversely affect its business operations, financial condition and prospects.

The Guarantor's employee attrition rate may increase to a level where it is not able to sustain deliverables at a given point of time.

The Guarantor's ability to retain skilled employees depends on it having in place appropriate compensation and incentive schemes. The Guarantor believes it pays competitive compensation package and benefits to its

employees. The Guarantor may need to continue to increase the levels of monetary and non-monetary incentives to retain talent. However, given the increasing wage levels and the increased competition for professionally qualified staff in India, there can be no assurance that the employee attrition rate will not increase to an unsustainable level or that it will be able to attract, recruit and retain experienced professionals to replace the professionals leaving at that particular point of time.

Employee compensation in India is increasing at a rapid rate, which could result in increased costs relating to engineers, managers and other mid-level professionals. The Guarantor may need to continue to increase levels of monetary and non-monetary incentives to retain talent.

The Guarantor's revenues from annuity projects are fixed and returns from these projects could decline with an increase in costs associated with these projects.

The payments received under the Guarantor's annuity contracts are fixed and are classified as "financial assets". The Guarantor is unable to renegotiate the financial terms of the annuity during its term, and it may be unable to renew such annuities on commercially acceptable terms. As a result, in the event that the Guarantor's costs increase, the Guarantor may be unable to offset such increases with higher revenues, and this may adversely affect its business, financial condition and results of operations. Further, such payments are contingent on the Guarantor ensuring that the infrastructure meets the specified quality or efficiency requirements.

Traffic saturation may occur on certain of the Guarantor's BOT toll roads and an inability to resolve this problem could affect the results of its operations.

Certain of the BOT toll roads may experience high traffic levels and congestion at certain times of the day or on certain days of the week. Although the Guarantor may consider possible solutions and take appropriate steps in order to ease traffic flow and reduce congestion on such roads, there can be no assurance that the saturation problems will be resolved under conditions that are economically satisfactory to the Guarantor. This could also lead to user dissatisfaction and could potentially reduce the traffic volume. In that case, the Guarantor's business, financial condition and results of operations could be materially and adversely affected.

For projects that may be awarded to the Guarantor on the basis of joint venture partnerships or co-sponsors, the Guarantor may be jointly and severally liable for the performance of obligations by the Guarantor's joint venture partners or co-sponsors.

In the Guarantor's business, delay or failure on the part of a joint venture partner to timely perform its obligations could result in delayed payments to it, additional liabilities, or termination of a contract. Lenders to project Special Purpose Vehicles ("SPVs") may require joint and several undertakings and guarantees by the Guarantor and the other co-sponsors of the project SPVs of, among others, the following:

- unpaid equity capital contributions;
- a shortfall in funds necessary to complete the project and/or project cost overruns;
- shortfalls from time to time in operation and maintenance expenses;
- shortfalls in the debt service reserve accounts or shortfalls in interest payments;
- shortfalls between the outstanding debt and a project termination payment on the occurrence of a termination event; and
- performance of work divided among joint venture partners under fixed-price, lump sum contracts.

The inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that, as a result of joint and several liabilities, the Guarantor may be required to make additional investments and/or provide additional services to ensure the performance and delivery of the contracted services. With respect to BOT projects in the Guarantor's business, the Guarantor may be required to draw funds from the operations of the Guarantor's business or from external sources in order to satisfy the Guarantor's joint and several obligations to lenders of project SPVs. In either case, such joint and several obligations could have an adverse effect on the Guarantor's financial results and business prospects.

Leakage of the tolls collected on the Guarantor's BOT toll roads may adversely affect the Guarantor's revenues and earnings.

The Guarantor's toll receipts are primarily dependent on the integrity of toll collection systems. The Guarantor generates revenues from some BOT toll roads through collection of tolls. In such projects, generally each motorist pays a one-time entry tariff to the toll operator at the point of entry to the toll roads based on the average trip distance calculated for all the users of the toll road.

The level of revenues derived from the collection of tolls may be reduced by leakage through toll evasion, fraud or technical faults in the Guarantor's toll systems. If toll collection is not properly monitored, leakage may reduce the Guarantor's toll revenue. Although the Guarantor has systems in place to minimize leakage through fraud and pilfering, any significant failure by the Guarantor to control leakage in toll collection systems, could have a material adverse effect on the Guarantor's business, prospects, financial condition and results of operations.

If the Guarantor fails to keep pace with technical and technological developments in the surface transportation infrastructure industry, it could adversely affect the Guarantor's business and results of operations.

To meet the needs of the Guarantor's business operations, the Guarantor must regularly update existing technology and acquire or develop new technology for the Guarantor's surface transportation infrastructure services. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. The Guarantor's future success will depend in part on the Guarantor's ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The Guarantor's failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect the Guarantor's business and results of operations. Further, the cost of implementing new technologies could be significant and could adversely affect the Guarantor's financial condition and results of operations.

The Guarantor's SPVs' concession agreements with NHAI contain certain restrictive covenants.

The terms of certain concession agreements with NHAI require the concerned SPV to indemnify the NHAI for losses arising out of the design, engineering, construction, procurement, operation and maintenance of the toll road or arising out of breach of the obligations of the SPVs under the concession agreements. Certain concession agreements also contain provisions that mandate substitution clauses in the project agreements that allow NHAI to step in to project agreements in place of the SPVs in case of suspension or termination of the concession agreements due to a breach or default by the SPVs. In the event any of these events are triggered and NHAI invokes the restrictive covenants, the Guarantor's business and results of operations may be adversely affected.

An inability to renew or maintain statutory and regulatory permits and approvals required to operate the Guarantor's businesses may have a material adverse effect on its business.

The Guarantor requires certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by various regulatory and government authorities, for operating its businesses. For instance, it may not receive the necessary construction, labour or environmental approvals on time. If it fails to obtain, or renew, necessary approvals required to undertake its business, or if there is any delay in obtaining these approvals, its business and financial condition could be adversely affected. Further, these permits, licenses and approvals could be subject to several conditions, and there can be no assurance that the Guarantor would be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of its operations and may adversely affect the Guarantor's business, financial condition and results of operations.

The Guarantor's operations and its contracted work force are exposed to various hazards and the Guarantor is exposed to risks arising from construction-related activities that could result in material liabilities, increased expenses and diminished revenues.

There are certain unanticipated or unforeseen risks that may arise in the course of project construction due to adverse weather and geological conditions such as storm, hurricane, lightning, flood, landslide and earthquake. Additionally, the Guarantor's operations are subject to hazards inherent in providing architectural and construction services, such as risk of equipment failure, collision, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Construction companies in India are subject to various health and safety laws and regulations as well as laws and regulations governing its relationship with its contracted workforce in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees and contract labour. Further, under the Guarantor's contracting arrangements for workforce, the Guarantor may be solely responsible for the death or injury suffered by any contractor or third party appointed by the Guarantor in the course of development of the project. Any such risk could result in exposing the Guarantor to material liabilities, increase its expenses, adversely affect the Guarantor's reputation and may result in a decline in its revenues.

Failure to comply with, and changes in, safety, health and environmental laws and regulations in India and overseas may adversely affect the Guarantor's business, prospects, financial condition and results of operations.

The Guarantor is required to adhere to various environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations in India as per the requirements of its concession agreements, and even otherwise. Infrastructure projects, including surface transport projects, must ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 and rules made therein such as the Hazardous Waste (Management and Handling) Rules, 1989, the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and the Environment Protection Rules, 1986. Further, the Guarantor is required to adhere to environmental regulations of overseas jurisdictions where it operates. Any changes in, or amendments to, these standards or laws and regulations could further regulate the Guarantor's business and could require it to incur additional, unanticipated expenses in order to comply with these changed standards. There can be no assurance that the Guarantor will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could adversely affect the Guarantor's business, prospects, financial condition and results of operations.

The Guarantor cannot assure you that it will be in compliance with current and future environmental, health and safety, and labour laws and regulations at all times, and any potential liabilities arising from any failure to comply therewith will materially and adversely affect the Guarantor's business, financial condition and results of operations.

It is possible under Indian law that the Guarantor may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect the Guarantor's results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, the Guarantor may be required to absorb a portion of such contract labourers as its employees. Any such order from a court or any other regulatory authority may adversely affect the Guarantor's business and results of operations. Further, work stoppages or slow-downs experienced by the Guarantor could result in slow-downs. In the event that the Guarantor experiences a work stoppage, such work stoppage could have an adverse effect on the Guarantor's business or results of operations.

The Guarantor may be subject to litigation claims in the ordinary course of its business.

From time to time, the Guarantor may be subject to litigation arising out of its operations. Damages claimed under any such litigation may be material or may be indeterminate, and the outcome of such litigation could materially impact its business, results of operations or financial condition. While the Guarantor assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending ourselves against such litigation. In addition, the adverse publicity surrounding such claims could have a material adverse effect on its business.

Labour laws in certain jurisdictions where the Guarantor operates are highly protective of employees, which may make it difficult and costly for the Guarantor to streamline its workforce in the event of an economic downturn.

In addition to India, the Guarantor has operations spread across various jurisdictions, including Spain, Portugal, Botswana, Colombia and China, and has employees based in such jurisdictions. Labour laws in these countries are highly protective of employees. The Guarantor may be prohibited from discharging employees without severance payments and/or compensation in the absence of gross misconduct, neglect, or acts of dishonesty. As such, the Guarantor has limited measures at its disposal to reduce headcount in order to increase efficiencies, reduce costs or achieve similar objectives. Any changes to employment terms and conditions that diminish employees' rights and benefits would require consent from employees. In relation to its employees based in India as well, the Guarantor is subject to laws governing its relationship with its employees, including minimum wage, overtime, working conditions, termination of employment and work permit requirements. Compliance with these laws and regulations can, *inter alia*, increase costs and reduce revenues and profits.

The Guarantor's growth primarily depends upon the award of new contracts. Its financial condition would be materially and adversely affected if it fails to obtain new contracts.

The growth of the Guarantor's business mainly depends on it winning new contracts. Generally, it is very difficult to predict whether and when it will be awarded a new contract since many potential contracts involve a lengthy and complex bidding and selection process that may be affected by a number of factors, including

changes in existing or assumed market conditions, financing arrangements, governmental approvals and environmental matters. The Guarantor's future results of operations and cash flows can fluctuate materially from period to period depending on the timing of contract awards.

Tender processes and qualification criteria through which new projects are awarded may be delayed or cancelled, thereby reducing or eliminating the Guarantor's ability to undertake a project.

Most infrastructure development projects are awarded through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is also a major factor. There can be no assurance that the Guarantor would be able to meet such qualification criteria, particularly for many large infrastructure development projects, whether independently or with IL&FS or with other joint venture partners.

There can be no assurance that the projects for which the Guarantor bid will be tendered within a reasonable time, or at all. The government-conducted tender processes may also be subject to change in qualification criteria, unexpected delays and uncertainties. In the event that new projects which have been announced, and which the Guarantor plans to tender for, are not put up for tender within the announced timeframe, or qualification criteria are modified such that the Guarantor is unable to qualify, or the tender process is subject to delay or uncertainty, the Guarantor's business, prospects, financial condition and results of operations could be materially and adversely affected.

The Guarantor's financial results, inter alia, depend on the financial performance of its SPVs and their ability to pay its project development fees and/or operations and maintenance fees.

The Guarantor's financial performance depends significantly on the performance of its SPV holding projects. The Guarantor recognises income from these SPVs as its share in profit/loss in associate companies. In addition, the Guarantor generates project development and/or operations and maintenance or other agreed fees from contracts with these SPVs. If such SPVs are unable to pay these fees to the Guarantor, its business condition and results of operations could be adversely affected.

The Guarantor is required to adhere to certain obligations under the various agreements pursuant to which it has acquired economic interest in certain corporate entities undertaking projects.

Pursuant to the terms of various agreements pertaining to the Guarantor's economic interests in certain corporate entities undertaking projects, it is required to adhere to certain obligations. For instance, the Guarantor is obligated to co-ordinate with the NHAI for the execution of Engineering, Procurement and Construction ("EPC") contracts and is responsible for all technical aspects in the concerned projects, including construction and designing in accordance with the respective concession agreements. The Guarantor is also required to provide corporate guarantees on behalf of the concerned entities to the NHAI till such period as stipulated in the concession agreements.

The Guarantor has been in compliance and believes that it shall continue to be in compliance with the terms of the agreements entered into with the concerned entities in relation to its projects. However, in the event the Guarantor fails to adhere to its obligations under these agreements, it may not be able to enjoy its rights in relation to its economic interests in the concerned entities. Consequently, its financial conditions and results of operations may be adversely affected.

The Guarantor may face various operational and investment risks due to the long-term nature of road infrastructure development projects.

Typically road infrastructure development projects involve arrangements that are long-term in nature. For instance, the concession periods stipulated for various projects typically range from 10 years to 32 years. Long-term arrangements have inherent risks associated with them that may not necessarily be within the Guarantor's control and can restrict its operational and financial flexibility. The Guarantor may not have the ability to modify its agreements to reflect future changes in the business, or negotiate satisfactory alternate arrangements.

The Guarantor's profitability depends largely on its revenue generation and how effectively it is able to manage the costs over a period of time. Absence of flexibility in relation to toll charges or annuity could have a negative impact on its ability to repay its lenders and its profitability. As is typical to the sector in which the Guarantor operates, generation of profits involves a long gestation period. During such period, a larger portion of the expenditure in relation to a particular road is booked in the initial years of its operation leading to mounting losses. Toll charges, which are largely dependent on traffic volumes, may take some time to stabilise and generate the expected revenue. The Guarantor's failure to suitably extend the concession periods may have a material adverse effect on its operations and financial condition.

Further, increase in toll charges, even if pursuant to terms of the relevant concessions, could result in unfavourable reactions from commuters, including protests, or may even result in litigation. For instance, certain entities of the Group are currently involved in litigation wherein directions to restrain such entities from increasing toll charges, or levying such charges at all, have been sought. Deduction of service charges for collection of toll taxes in certain cases has also been challenged. Additionally, being committed to long-term projects exposes the Guarantor to an increased risk of unforeseen business and industry changes and makes it difficult to foresee future performance of projects, which could have an adverse effect on the Guarantor's business prospects, its results of operations and financial condition.

The Guarantor depends on various contractors and their sub-contractors to construct, develop, operate and maintain projects. Any delay, default or unsatisfactory performance by these third parties could materially and adversely affect its ability to complete, effectively operate or maintain projects.

The Guarantor depends on the availability and skills of third party contractors and their sub-contractors for the development, construction, operation and maintenance of projects. The Guarantor does not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. There can be no assurance that such contractors will continue to be available at reasonable rates in the areas in which the Guarantor conducts its operations. The Guarantor may also be exposed to risks relating to the quality of their services, equipment and supplies. The contractors and sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required for completing construction. Any delays in meeting project milestones by contractors could increase the Guarantor's financing costs and cause its forecasted budget to exceed, which may in turn result in invocation of clauses relating to payment of liquidated damages or penalties, or may even result in termination of the concession agreements.

The Guarantor generally does not receive guarantees or indemnities from contractors as to timely completion, cost overruns, or additional liabilities. As a result, the Guarantor assumes the risk of delayed or reduced payments, liquidated damages or penalty amounts, or termination of contracts. The Guarantor also assumes liability for defects in connection with any design or engineering work provided by the contractors. Although the Guarantor sub-contracts its construction work, it may still be liable for accidents on projects, due to defects in design and quality of construction of projects, during their construction and operations. Any delay, default or unsatisfactory performance by these third parties could adversely affect its ability to complete its projects in a timely manner or at all. Any of the foregoing factors could have a material adverse effect on the Guarantor's business, financial condition, reputation and results of operations.

Increases in prices or shortages of raw materials could increase the cost of construction of road projects.

The Guarantor's construction contracts with contractors are either fixed price contracts or item based contracts. In item based contracts, the Guarantor agrees on the construction cost per unit with the contractor based on reference rates for various components of construction, including steel, cement and bitumen at the time of the construction agreement. These contracts generally contain construction price escalation provisions linked to increases in raw material costs relative to the agreed reference rates in accordance with a pre-determined formula. Accordingly, the Guarantor bears the risk of increased costs of raw materials to the extent it outsources construction activities pursuant to contracts other than fixed price contracts. The prices and supply of these and other raw materials depend on factors not under the control of the Guarantor, including general economic conditions, competition, production levels, demand, transportation costs, crude oil prices and import duties. Price increases or shortages in these raw materials could adversely affect the Guarantor's construction costs, profitability, prospects and results of operations.

The Guarantor faces growing and new competition that may adversely affect its competitive position and its profitability.

The Guarantor is subject to competition for the award of new projects. The Guarantor believes that its main competitors for new surface transportation infrastructure projects will be domestic infrastructure and international infrastructure operators working in partnership with Indian companies. Currently, it competes with a number of Indian and international infrastructure operators in acquiring both concessions for new road projects and existing projects. Further, the Guarantor has recently diversified into additional sub-sectors of the surface transportation industry, including operations and management, rail, urban mass-rapid transport, border check posts and multi-level parking facilities operations therein, for which it faces competition from established players in such sub-sectors.

The Guarantor's principal competitors are Gammon India Limited, GMR Infrastructure Limited, GVK Power Infrastructure Limited, IRB Infrastructure Developers Limited, Larsen & Toubro Limited, Punj Lloyd Limited, Sadbhav Engineering Limited, Ashoka Buildcon Limited and Reliance Infrastructure Limited. Some of these

operators may have substantially greater financial and other resources, with greater economies of scale, diversification and international experience and may result into irrational bidding for projects which may adversely affect profitability. To win new concessions, the Guarantor may also have to accept less favourable terms than what it enjoys under current concessions. There is a risk the Guarantor will not win concessions due to more competitive bids by its competitors. Loss of future road tenders or projects to such competitors, or acceptance of less favourable terms than what the Guarantor enjoys under its current concessions, may adversely affect the Guarantor's performance and, to the extent that one or more of its competitors becomes more successful with respect to any key competitive factor, the Guarantor's profitability, business and prospects could be materially and adversely affected.

The Guarantor presently has beneficial ownership for certain projects being implemented by different corporate entities and its revenues may be affected if there are any objections to its beneficial interest in such projects.

The concession agreements signed by each of APEL and NKEL with NHAI, and by JRPICL and JARDCL with the Governor of Jharkhand, by RIDCOR with the Government of Rajasthan, and the Programme Development Agreement signed by CHDCL with Governor of Chhattisgarh, require these entities to maintain a prescribed equity capital structure. Pursuant to the respective shareholders agreements and call option agreements in certain cases, the Guarantor has invested in the equity capital structure of these entities, directly or indirectly, in accordance with the provisions of the respective concession agreements. The Guarantor's investments in these entities have provided the Guarantor beneficial interests, including the Guarantor's right to appoint a prescribed number of directors on the board of directors of some of these companies, until such time as the Guarantor maintains a prescribed minimum percentage of equity holding. The Guarantor holds an economic interest in certain projects including North Karnataka Expressway project, Jharkhand Accelerated Road Development Programme, Rajasthan Mega Highways Road project, West Gujarat Expressway project and Andhra Pradesh Expressway project.

The Guarantor believes that the above investments are in compliance with the terms of the respective concession agreements with the concerned regulatory authorities. However, in the event such regulatory authorities raise objections to the same, the Guarantor may be required to take corrective steps as the Guarantor may not be allowed to continue to hold such economic interests and therefore, the Guarantor may not be able to enjoy the rights consequent thereto. Since the Guarantor derives and expect to continue to derive a substantial portion of its revenues from these entities in the future, the occurrence of such an event may have a material adverse effect on its financial conditions and the results of its operations.

There are potential conflicts of interest within the IL&FS Group.

IL&FS, and certain members of the IL&FS Group have equity interests or other investments in other companies that offer services that are similar to its business, such as Jharkhand Accelerated Road Development Company Limited, Jharkhand Road Projects Implementation Company Limited, MP Toll Roads Limited, Road Infrastructure Development Company of Rajasthan Limited and IL&FS Engineering & Construction Company Limited. IL&FS is involved in certain infrastructure projects being undertaken by the Guarantor or certain of its SPVs and is a party to certain agreements in relation to some projects.

There may be conflicts of interest in addressing business opportunities and strategies in circumstances where the Guarantor's interests differ from other companies in which IL&FS has an interest. There are no formal non-compete arrangements with the IL&FS Group or IL&FS refraining them from competing with the Guarantor's business. Additionally, as per the conditions of competitive bidding generally followed by NHAI and certain State Governments, bidders are disqualified if they have a direct or indirect shareholding of more than 25 per cent. of the paid up and subscribed capital in other bidders or if they do not fulfil other conditions specified in bidding documents. The Guarantor shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

In addition, new business opportunities may be directed to these affiliated companies instead of us. IL&FS may also restrain the Guarantor from entering into certain businesses related to the Guarantor's business, which may be important for growth in the future, as IL&FS may already have interests in other similar businesses.

On an unconsolidated basis, the Guarantor has in the past experienced negative cash flows from operating activities.

For fiscal 2013, the Guarantor on an unconsolidated basis had a negative cash flow from operating activities of Rs.323.68 million (US\$5.95 million), due to an increase in the working capital of the Guarantor. Its cash flow from operating activities was Rs.983.60 million (US\$16.37 million) positive for fiscal 2014.

Even though the Guarantor's cash flow turned positive the fiscal year 2014, there can be no assurance that net cashflow will continue to be positive.

The Guarantor does not have a controlling interest in some of its joint ventures, associate companies and SPVs and its business will be adversely affected if the interests of joint venture partners or associates do not align with the Guarantor's interests or its shareholders' interests or if they discontinue their arrangements with the Guarantor.

The Guarantor does not have controlling interests in certain of its joint ventures, associate companies and SPVs. As a result, joint venture partner or associates may:

- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise, including enforcing the Guarantor's right to consolidate its shareholding in these entities;
- have economic or business interests or goals that are inconsistent with those of the Guarantor's;
- take actions contrary to instructions or requests or contrary to the joint ventures' policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties;
- have disputes with the Guarantor; or
- take actions which may be in conflict with the Guarantor's and its shareholders' interests.

The Guarantor may also need the cooperation and consent of joint venture partners or associates in connection with project operations, which may not always be forthcoming and the Guarantor may not always be successful in managing its relationships with such partners. Any joint venture partner or associate disputes leading to deadlock could cause delays and/or impact operations while the matter is being resolved. Additionally, if any joint venture partner associates or discontinues its arrangements with the Guarantor, is unable to provide expected expertise, resources or assistance, or competes with the Guarantor for business opportunities that are attractive to the Guarantor, the Guarantor may not be able to find a substitute for such strategic partner immediately or at all. As a result, such entities may not be able to qualify for new contracts, complete existing projects or obtain new projects. Further, the Guarantor may be jointly and severally liable for the performance of obligations by its joint venture partners or co-sponsors if they discontinue their arrangements with the Guarantor. As the Guarantor does not have controlling interest in such joint ventures, associates and SPVs, it cannot provide an assurance that such companies have all obtained all approvals and are in compliance with all applicable laws and regulations in relation to their business and operations. Further, such companies may be involved in legal and regulatory proceedings from time to time, and the Guarantor cannot provide assurance that such proceedings will not be adversely decided against them. Any of the foregoing factors will materially and adversely affect the Guarantor's business, prospects, financial condition and results of operations.

The Guarantor has made investments in equity-linked instruments in certain entities and there can be no assurance that the operations of such entities would generate distributable profits.

The Guarantor has entered into certain subscription agreements with IL&FS for subscription to certain covered warrants representing economic interests in certain entities including RIDCOR, JARDCL, CHDCL and JRPICL. Under the terms of such subscription agreements, the Guarantor, as holders of the covered warrants will be entitled to a coupon representing a proportionate share of the dividend amount declared and paid by RIDCOR, JARDCL, CHDCL or JRPICL, as the case may be, on the shares held by IL&FS. However, the obligation to pay the coupon shall lapse automatically in the event no dividends are declared by RIDCOR, JARDCL, CHDCL and JRPICL. Further, no interest amount is payable on the subscription amounts. The maturity of the covered warrants is co-terminus with the concession period for the respective projects being carried on by RIDCOR, JARDCL, CHDCL and JRPICL. There can be no assurance that these amounts could not have been invested in instruments, which would have yielded higher returns for the Guarantor. The Guarantor shall not be entitled to the rights or privileges available to IL&FS, as a shareholder of RIDCOR, JARDCL, CHDCL and JRPICL. The issue of the covered warrants shall not be construed as a transfer to the Guarantor of any right, title, interest or benefit with respect to the equity shares held by IL&FS in RIDCOR, JARDCL, CHDCL and JRPICL. These covered warrants can be transferred only to body corporates incorporated in India and such endorsement shall carry confirmation by IL&FS. Further, there can be no assurance that the operations of RIDCOR, JARDCL, CHDCL and JRPICL would generate distributable profits.

The Guarantor has entered into certain related party transactions and will continue to enter into related party transactions, and there can be no assurance that such transactions will not have an adverse effect on its financial condition and results of operations.

The Guarantor has entered into certain transactions with related parties, including members of the Group. Furthermore, it is likely that it will enter into related party transactions in the future. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on the Guarantor. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on its financial condition and results of operations. While the Guarantor believes that all such transactions have been conducted on an arm's length basis, there can be no assurance that the Guarantor could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Guarantor may enter into related party transactions in the future.

Further, any breach of the recently amended clause 49 of the listing agreement relating to checks and balances to regulate related party transactions attracts monetary penalties by the relevant stock exchange and SEBI pursuant to the Securities Contract (Regulation) Act, 1956 (including in particular section 21). SEBI or the stock exchanges may also initiate civil or criminal proceedings and pass directions for compliance.

The Guarantor is exposed to foreign currency exchange risks, which it may not be able to manage effectively.

Consequent to the Guarantor's expansion into international operations, a significant portion of the Guarantor's revenues is denominated in Euro and RMB. The exchange rate between the Rupee and the other foreign currencies such as the Euro, the US Dollar, Mexican Peso and RMB has changed substantially in recent years and may continue to fluctuate significantly in the future. Accordingly, the Guarantor's operating results may be impacted by fluctuations in the exchange rate between the Indian Rupee and other foreign currencies. Any strengthening of the Indian Rupee against the Euro, the US Dollar or other foreign currencies could adversely affect the Guarantor's financial condition and results of operations.

The Guarantor cannot guarantee the accuracy of statistical and other information with respect to its business operations or the industries in which it operates as contained in this Offering Circular.

Statistical and other information in this Offering Circular relating to India, the Indian economy or the industries in which the Guarantor operates has been derived from various government publications and communications with various Indian government agencies that it believes to be reliable. However, the Guarantor cannot guarantee the quality or reliability of such source of materials. Further, certain data relating to the Guarantor's business has been assessed and quantified by it or its subsidiaries internally, as no other credible third party sources are available for such data. Such assessment is based on the Guarantor's understanding, experience and internal estimates of its business. Although the Guarantor believes that the data can be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured.

While the Guarantor has taken reasonable care in the reproduction of the information, it cannot make any assurance as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly inconsistent or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case.

Indian Regulatory and Country Risks relating to the Guarantor and the Issuer

Payments under the Guarantee are subject to the RBI guidelines regarding the remittance of funds outside of India.

Payments with respect to the Guarantee are subject to the FEMA guidelines governing the remittance of funds outside of India. Any approval, if and when required, for the remittance of funds outside of India is at the discretion of the RBI and the Guarantor can give no assurance that it will be able to obtain such approvals.

The Guarantor's ability to invest in overseas subsidiaries and joint ventures may be constrained by the Indian exchange control regulations.

Direct investments by Indian residents abroad in joint venture ("JV") and wholly owned subsidiary ("WOS") are permitted subject to, limited by, and conditioned upon stipulations set out in the JV/WOS Guidelines.

As of the date of this Offering Circular, the total financial commitment of the Guarantor, in all its joint ventures and wholly owned subsidiaries put together (including the Issuer), cannot exceed 400 per cent. of the net worth

of the Guarantor reckoned as of the date of the last audited balance sheet under the automatic route. However, any financial commitment exceeding US\$1 billion, or its equivalent, in a financial year would require the prior approval of the RBI even when the total financial commitment of the Indian company is within 400 per cent. of the net worth as per the last audited balance sheet. This limitation also applies to any other form of financial commitment by the Indian company including in terms of any loan, guarantee or counter guarantee issued by such Indian company. Any write-off of capital and other receivables of the Issuer is also subject to the conditions stipulated in the JV/WOS guidelines. Further, there may be limitations stipulated in the country where the Guarantor may propose to make an investment or acquisition. These limitations on overseas direct investment could constrain the Guarantor's ability to acquire or increase its stake in overseas entities as well as to provide other forms of financial assistance or support to such entities, which may adversely affect its growth strategy and business prospects.

The Guarantor may be unable to make payments under the Notes and in accordance with the Guarantee.

The only guarantor of the Notes will be IL&FS Transportation Networks Limited. The obligations of the Guarantor under the Guarantee will be effectively subordinated to all claims of creditors of existing or future subsidiaries of the Guarantor, including trade creditors, lenders and all other creditors with respect to the assets of such subsidiaries. The Guarantor and its subsidiaries may incur additional secured or unsecured indebtedness in the future. Secured creditors of the Guarantor would have priority over the assets of the Guarantor secured in favour of those creditors over the claims of the Noteholders under the Notes and the Guarantee.

Pursuant to a limitation on indebtedness covenant set out in the Conditions, the Guarantor and its subsidiaries are restricted from incurring debt if, in doing so, certain financial ratios would be exceeded. The relevant financial ratios are tested against the financial statements of the Guarantor on a standalone basis and so will not be affected by debt incurred by subsidiaries of the Guarantor. Accordingly, the subsidiaries of the Guarantor are free to incur debt so long as those financial ratios which are tested only on a standalone basis at the Guarantor level are satisfied. The Noteholders will not have access to the assets or cashflows of the Guarantor's subsidiaries by way of direct security or guarantees from those subsidiaries and, as mentioned above, the Noteholders' claims under the Guarantee will be effectively subordinated to all claims of creditors of subsidiaries of the Guarantor. To the extent that the Guarantor relies on its subsidiaries for cashflows to be able to service its debt obligations, the incurrence of debt at the subsidiary level could affect the Guarantor's ability to perform its obligations in respect of its Guarantee of the Notes.

The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the Listing Agreement, which are effective from 1 October 2014, which may subject the Guarantor to higher compliance requirements and increase the Guarantor's compliance costs.

Pursuant to the assent of the President of India, a substantial part of the provisions of the Companies Act, 2013 ("**New Companies Act**") were notified in the official gazette on 30 August 2013 and 26 March 2014, and became law. While as of the date of this Offering Circular, the New Companies Act has not been brought into force in its entirety, it provides for significant changes to the regulatory framework, *inter alia*, governing corporate governance, corporate social responsibility ("**CSR**") and company procedures. For instance, the New Companies Act requires companies meeting certain financial thresholds, to constitute a committee of the board of directors for CSR activities and ensure that at least 2 per cent. of the average net profits of the company are utilised for CSR activities. In addition, the New Companies Act provides for detailed regulations on the qualifications, appointment and term of independent directors and also requires certain class of companies to have at least one woman director on its board of directors.

The New Companies Act has brought into effect significant changes to provisions such as the provisions related to issue of capital (including provisions in relation to the issue of securities on a private placement basis), disclosures in offer documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, the New Companies Act would replace the existing procedures on various compliances and filings companies are required to make. The New Companies Act also imposes greater monetary and other liability on the Guarantor and its directors for any non-compliance. To ensure compliance with the requirements of the New Companies Act the Guarantor may need to allocate additional resources, which may increase the Guarantor's regulatory compliance costs and divert management attention. The New Companies Act introduced certain additional requirements which do not have corresponding equivalents under the Companies Act.

In the event the Guarantor's interpretation of such provisions of the New Companies Act differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government of India in the future, the Guarantor may face regulatory actions or may be required to undertake remedial steps. Additionally, some of the provisions of the New Companies Act overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, the SEBI issued revised corporate governance guidelines which are effective from 1 October 2014. Pursuant to the revised guidelines, the Guarantor will be required to, *inter alia*, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. The Guarantor will be required to appoint at least one female director on its Board with effect from 1 April 2015. The Guarantor may face difficulties in complying with any such overlapping requirements. Further, the Guarantor cannot currently determine the impact of provisions of the New Companies Act and rules which are yet to come in force or the revised SEBI corporate governance norms, which are effective from 1 October 2014. Any increase in the Guarantor's compliance requirements or in the Guarantor's compliance costs may have an adverse effect on the Guarantor's business and results of operations.

Therefore, the Guarantor would be required to comply with the provisions of the New Companies Act and may also need to train the concerned employees of the Guarantor to familiarise them with the provisions of the New Companies Act. While the Guarantor shall endeavour to comply with the prescribed framework and procedures, it may not be in a position to do so in a timely manner. Penalties for instances of non-compliance have been prescribed under the New Companies Act, which may result in, *inter alia*, the Guarantor's, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the New Companies Act, should the Guarantor not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect the Guarantor's reputation.

Public companies in India, including the Guarantor may be required to prepare financial statements under the IFRS or a variation thereof, namely IND AS. The transition to IND AS is still unclear and the Guarantor may be negatively affected by this transition.

Public companies in India, including the Guarantor, may be required to prepare its annual and interim financial statements under IFRS or a variation thereof. Recently, the ICAI released draft versions of the Indian Accounting Standards ("IND AS"). The Ministry of Corporate Affairs (the "MCA"), on 25 February 2011 has notified that the IND AS will be implemented in a phased manner, and the date of such implementation will be notified at a later date. In the Union Budget 2014-15, it has been announced that the IND AS are to be adopted by Indian companies from fiscal year 2016 on a voluntary basis and mandatorily from fiscal year 2017. Subsequently, the Companies (Indian Accounting Standards) Rules, 2015 were notified, which will come into effect from 1 April 2015. Under these Rules, the Guarantor, by virtue of being a company whose securities are listed on a stock exchange in India and having a net worth of more than Rs.5,000 million, is required to mandatorily comply with IND AS for the accounting periods beginning on or after 1 April 2015, with the comparatives for the periods ending on 31 March 2015, or thereafter. However, there is still currently a significant lack of clarity on the adoption and convergence with IND AS and the Guarantor currently does not have a set of established practices on which to draw or in forming judgements regarding the implementation and application of IND AS, and the Guarantor has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Additionally, IND AS has fundamental differences with IFRS and therefore, financial statements prepared under IND AS may differ substantially from financial statements prepared under IFRS. There can be no assurance that the Guarantor's financial condition, results of operation, cash flows or changes in shareholders' equity will not appear materially different under IND AS, Indian GAAP or IFRS. As the Guarantor adopts IND AS reporting, it may encounter difficulties in the on-going process of implementing and enhancing its management information systems. There can be no assurance that the Guarantor's adoption of IND AS, will not affect its reported results of operations, financial condition and failure to successfully adopt IND AS in accordance with prescribed statutory and/or regulatory requirements within the timelines as prescribed may have an adverse effect on its financial position and results of operations.

The entities through which the Guarantor undertakes concessions may be required to pay additional stamp duty if the concession agreements are subject to payment of stamp duty as deeds creating leasehold rights, or as development agreements.

Stamp duty authorities of certain states in India have issued notices to some concessionaires in connection with alleged inadequacy in payment of stamp duty on the concession agreements executed between such concessionaires and NHAI. News reports have indicated that these authorities have alleged that since the concession agreement relate to the letting of toll to the concessionaires in the form of a lease, or as development agreements, such agreements were required to be stamped as lease agreements, or as development agreements as applicable. Accordingly, concession agreements that have not been stamped as such should be considered to be

inadequately stamped. In addition, the High Court of Allahabad and the High Court of Madhya Pradesh have held that a concession agreement should be stamped as a lease agreement and have upheld the imposition of a higher stamp duty on such agreements. Currently, concession agreements are treated as agreements which are not a lease deed and stamp of Rs.100 is typically paid for such concession agreements.

News reports have also indicated that NHAI has stated that it considers the land granted for construction and development of roads to concessionaires as being merely for public use and not in the form of a lease. However, stamp duty authorities may not agree with NHAI's view in this regard and could demand payment of a stamp duty for a lease or development agreement, which currently ranges between 1.0 per cent. and 11.0 per cent. of the annual rent or premium payable or the market value of the property. Furthermore, stamp duty authorities may impose penalty for payment of inadequate stamp, which could extend up to ten times of the amount of the stamp duty payable.

If any of the concession agreements were determined to be inadequately stamped, then such agreements would be inadmissible in evidence in any legal action, until the deficient amount of stamp duty together with penalties, if any, are paid. Any deficiently stamped documents can also be impounded by every person having authority, by law or consent, to receive evidence or every person who is in-charge of a public office. Such persons impounding the deficiently stamped documents can either levy the appropriate stamp duty and penalty or send it to revenue authorities for that purpose. Additionally, a person who signs an instrument chargeable with stamp duty without such instrument being duly stamped will be subject to a fine.

Concession agreements contain change in law provisions which extend to a change in the interpretation or application of any Indian law by a court of record after date of the concession agreement or the submission of the bid documents, as the case may be. Under the terms of the concession agreements, if any financial burden exceeding a certain prescribed threshold is imposed on it as a result of such change in law, then the relevant concessionaire is entitled to approach the NHAI for amendment to the concession agreement or seek compensation with a view to place such concessionaire in its former financial position. However, there can be no assurance that the NHAI will consider the imposition of any additional stamp duty resulting from the concession agreements being treated as agreements, which create leasehold rights or as development agreements as a change in law for which they will amend the concession agreement or agree to provide compensation to the concessionaire. Any disagreement between the relevant concessionaire and the NHAI may result in arbitration proceedings between the parties which will lead to increased costs.

N.A.M. Expressway Limited, the Guarantor's joint venture, received such notice on 4 March 2013 from the Office of the District Registrar and Collector, Hyderabad, the stamp duty authority in Andhra Pradesh, for payment of additional stamp duty on the concession agreement. Based on legal advice received in relation to the payment of such additional stamp duty, the Guarantor has submitted its reply on 1 August 2013, stating that concession agreement would not be covered under the relevant provisions of the Indian Stamp Act, 1899 as mentioned in the notice, and therefore prayed for the withdrawal of the notice. However, there can be no assurance that the stamp authority will not demand any additional stamp duty from, or impose any penalty on the joint venture company or any of the other entities through which the Guarantor undertakes its operations in the future. Any imposition of a demand for payment of a higher stamp duty or imposition of penalty will increase the cost of the projects to the extent such additional costs are not recoverable from the NHAI and materially and adversely affect the Guarantor's business, results of operations and prospects.

Political instability or changes in the economic policies by the Government of India could impact the business and economic conditions in India generally and the Guarantor's financial results and prospects in particular.

The Guarantor is incorporated in India and derives a substantial majority of its revenues from operations in India. Consequently, its performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government of India has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. The Guarantor's business may be affected by changes in the Government of India's policies, including taxation.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the Government of India's policies in the future could affect the Guarantor's business and economic conditions in India in general. In addition, as economic liberalisation policies have been a major force in encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect the Guarantor's business and future financial condition. The Guarantor's business and the market price and liquidity of the Notes may be affected by interest rates, changes in Government of India policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic

liberalisation could change, and specific laws and policies affecting transport, foreign investment and other matters affecting investment in the Guarantor's securities could also change. A new Government was elected in May 2014 and may announce new policies or withdraw existing benefits, which may be applicable to the Guarantor's sector. Any significant change in such policies could adversely affect business and economic conditions in India, generally, and in particular the Guarantor's results of operations and financial condition.

Any downgrading of India's debt rating by an international rating agency could have an adverse impact the Guarantor's business.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact the Guarantor's ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on the Guarantor's business and future financial performance and its ability to obtain financing for capital expenditures.

A slowdown in economic growth in India could adversely impact the Guarantor's business.

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. Any slowdown in the Indian economy or in the growth of the automobile or construction sectors or any future volatility in global commodity prices could adversely affect the growth of the Guarantor's business.

India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe or China, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial turmoil, which grew out of the sub-prime mortgage crisis in the United States and the subsequent sovereign debt crisis in Europe, as well as the recent downgrade of India, the United States' credit rating and Italy, Spain, Greece and Cyprus's sovereign rating by Standard & Poor's and the threat of further downgrades of other countries, led to a loss of investor confidence in worldwide financial markets. Indian financial markets also experienced the effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index, through the first half of 2012. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby having a material adverse effect on the Guarantor's business, financial condition and results of operations.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact the Guarantor's financial condition.

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect the Guarantor's future financial condition. On the other hand, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Guarantor's business, prospects, financial condition, results of operations, and the price of the equity shares and the price of the Notes.

The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact its results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt the Guarantor's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt the Guarantor's business operations, which could have adverse effect on its results of operations and financial condition.

Demand for road infrastructure development and construction services depends on economic growth and the level of investment and activity in the sector.

Demand for road infrastructure development and construction services is primarily dependent on sustained economic development in the regions that the Guarantor operates in and government policies relating to road infrastructure development. The Guarantor's performance and growth are dependent on the health of the Indian economy. It is also significantly dependent on budgetary allocations made by the Government of India for this sector as well as funding provided by international and multilateral development finance institutions for road infrastructure projects. Investment by the private sector in road infrastructure projects is dependent on the potential returns from such projects and is therefore linked to government policies relating to private sector participation and sharing of risks and returns from such projects. A reduction of capital investment in the road infrastructure sector due to these factors or for any other reason could have an adverse effect on its business prospects and results of operations.

The Guarantor's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, the Guarantor is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Guarantor's sources of financing and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, the Guarantor cannot assure you that the required approvals (if any) will be granted without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on the Guarantor's business growth, financial condition and results of operations.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of the Guarantor. Although these provisions have been formulated to ensure that interests of investors and shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Guarantor. Consequently, even if a potential takeover of the Guarantor would result in the purchase of the Notes at a premium to their market price or would otherwise be beneficial to the Guarantor's stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

There may be less information available about the companies listed on the Indian securities markets compared with information that would be available if the Guarantor was listed on securities markets in developed countries.

The Guarantor is listed on the NSE and the BSE. There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and other developed countries. The SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if such company was listed on a securities market in certain other countries.

Significant increases in the price of or shortages in the supply of crude oil could adversely affect the volume of traffic on the Guarantor's project roads and the Indian economy in general, including the surface transportation infrastructure sector, which could have an adverse effect on the Guarantor's business and results of operations.

India relies significantly on imports to meet its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors, including the level of global production and political factors, such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil reserves are located. Currently, due to political and economic factors, crude oil prices have been falling globally. However, any significant increase in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, including the surface transportation sector affecting the volume of traffic on BOT toll roads and consequently an adverse effect on the Guarantor's business and results of operations.

Unfavourable changes in legislation, including tax legislation, or policies applicable to the Guarantor could adversely affect its results of operations.

The Direct Tax Code, 2013 ("DTC Bill") (which consolidates the prevalent direct tax laws) was released in April 2014 for public comments. No timelines have been specified within which the DTC Bill is expected to be promulgated as legislation. On the finalisation of the DTC Bill, the DTC Bill will be placed before the Indian Parliament for its approval and notification as an Act of Parliament. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the Guarantor's financial statements. Similarly, on 1 January 2014 the Land Acquisition Act, 1894 of India, was repealed by the Right to Fair Compensation and Transparency in Land

Acquisition, Rehabilitation and Resettlement Act, 2013 has come into force with effect from 1 January 2014 (the “**Land Acquisition Act**”) which has been amended by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014, which was promulgated on 31 December 2014 (“**Land Acquisition Ordinance**”). The Land Acquisition Act and the Land Acquisition Ordinance, *inter alia*, stipulate (i) restrictions on land acquisition, for example with respect to certain types of agricultural land, and (ii) compensation, rehabilitation and resettlement of affected people residing on such acquired land. Therefore, it is unclear what effect the Land Acquisition Act and the Land Acquisition Ordinance, and the rules once notified, will have on the Guarantor’s operations.

Presently, road infrastructure development projects, including BOT projects, enjoy certain benefits under Section 80IA of the Income Tax Act, 1961. As a result of these incentives, a number of the Guarantor’s projects are subject to relatively low tax liabilities. If the laws relating to such minimum tax liabilities are changed, it may have an adverse impact on the Guarantor’s financial condition and results of operations. The income tax exemptions for various BOT projects expire at various points of time. Alterations, expiry or termination of these tax incentives may reduce the Guarantor’s profitability and materially increase its tax expenses.

The Guarantor may be affected by changes in competition law in India and any adverse application or interpretation of the Competition Act, 2002, as amended could adversely affect the Guarantor’s business.

The Competition Act, 2002, as amended (the “**Competition Act**”), was enacted for the purpose of preventing practices having an appreciable adverse effect on competition in India and has mandated the Competition Commission of India (the “**CCI**”) to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market or any other similar way, is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, such person shall be guilty of the contravention and may be punished.

On 4 March 2011, the Government of India notified and brought into force the provisions under the Competition Act in relation to combinations (the “**Combination Regulation Provisions**”) with effect from 1 June 2011. The Combination Regulation Provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, shall be mandatorily notified to and preapproved by the CCI. In addition, on 11 May 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011. These regulations, as amended, set out the mechanism for implementation of the Combination Regulation Provisions under the Competition Act. Any adverse effect of the Competition Act and the CCI upon the business environment in India may also adversely affect the Guarantor’s business, financial condition and results of operations.

The Competition Act aims to, among other things, prohibit all agreements and transactions which have, or are likely to have, an appreciable adverse effect on competition in India. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. The CCI has imposed penalties on Indian enterprises for contravention of the Competition Act.

Investors may not be able to enforce a judgment of a foreign court against the Guarantor or its management.

The Guarantor is a limited liability company incorporated under the laws of India and the Issuer is a limited private company incorporated under the laws of Singapore. A majority of the directors and key managerial personnel of the Guarantor and the Issuer are residents of India and a substantial portion of the assets of the Guarantor are located in India. As a result, it may not be possible for investors to effect service of process upon the Guarantor, or such persons outside India, or to enforce judgments obtained against such parties outside India. For more details, see “*Enforcement of Civil Liabilities*”

India is not a party to the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters or to any other international treaty in relation to the recognition or enforcement of foreign judgments. In India, recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code respectively. The Government of India has under Section 44A of

the Civil Procedure Code notified certain countries as reciprocating countries, as discussed below. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record and such presumption may be displaced by proving want of jurisdiction. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court within the meaning of such section in any country or territory outside India, which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exceptions under Section 13 of the Civil Code as discussed above. The United Kingdom, Singapore, Hong Kong and some other countries have been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States (or from a court of a country which is not a reciprocating territory) may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to the execution of such a judgement and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed off in a timely manner or will be subject to considerable delays.

Terrorist attacks, civil unrest, regional conflicts and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Certain events that are beyond the control of the Guarantor such as terrorist attacks and other acts of violence or war including those involving India, Singapore, Hong Kong, the United States or other countries may negatively affect the Indian markets and also adversely affect the worldwide financial markets and could potentially lead to a severe economic recession. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect the Guarantor's business.

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, the Guarantor's business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies.

India is vulnerable to natural disasters that could severely disrupt normal business operations.

India has experienced natural calamities, such as tsunamis, floods, cyclones, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy and infrastructure. Unforeseen circumstances of below normal rainfall and other natural calamities could also have a

negative impact on the Indian economy. Because the Guarantor's operations are primarily located in India, its business and operations could be interrupted or delayed as a result of a natural disaster in India, which could affect its business, financial condition and results of operations.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect the Guarantor's business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect the Guarantor's business, financial condition and results of operations. Although, the guarantor has not been adversely affected by such outbreaks in the past, it can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on its business, financial condition and results of operations.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the Government of India and state governments in India that affect the Guarantor's tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state governments may in the future increase the corporate income taxes they impose. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Guarantor's business and results of operations.

Risks relating to the Notes generally

The proceeds of the Notes will be transferred to an unsecured escrow account pending repayment of the 2012 Notes, whereupon the Guarantee will become effective.

The proceeds of the Notes will be transferred to an unsecured escrow account (the "**Escrow Account**") for the purposes of redeeming the 2012 Notes in full on the 2012 Notes Redemption Date. Upon the occurrence of a Relevant Event (as defined in the Escrow Agreement), the Trustee will be able to direct all withdrawals from that account, to the exclusion of the Issuer. Amounts will remain in the Escrow Account until the Trustee provides written instructions to the Account Bank to remit amounts standing to the credit of the Escrow Account to a principal account of ITNL Offshore Pte Ltd, as issuer of the 2012 Notes (to be subsequently applied to redeem the 2012 Notes on their redemption date) or, otherwise, to repay or redeem the Notes following the occurrence of an Event of Default or Guarantee Event. However, no mortgage, charge, lien, pledge or other security interests exists in respect of the amount standing to the credit of the Escrow Account, and accordingly, Noteholders will not have any recourse to, or the benefit of, any security in respect thereof. In the event of insolvency, winding-up or any procedure analogous thereto, the Escrow Account will form part of the assets of the Issuer, and Noteholders will not have priority of claim in respect of amounts standing to the credit of the Escrow Account.

In addition the Guarantee will not become effective until the amounts are remitted from the Escrow Account to the principal account of ITNL Offshore Pte Ltd, as issuer of the 2012 Notes and so the Notes will not have the benefit of the Guarantee nor any claim against the Guarantor until that date.

In these circumstances, if the Issuer fails for whatever reason to redeem or pay interest or principal on the Notes, or if a Guarantee Event occurs, holders of Notes will have to rely on the enforcement of the Trust Deed and Escrow Agreement in the ordinary course for the repayment of any amounts due on the Notes to the Noteholders, and even if Noteholders are able to successfully enforce the provisions of the Trust Deed, Noteholders will not have any claim against the Guarantor until amounts are remitted from the Escrow Account to the principal account of the 2012 Notes issuer and in respect of amounts standing to the credit of the proceeds from the Escrow Account, Noteholders will only have an unsecured claim in respect of such amounts and such amounts may not be sufficient to satisfy all of the Issuer's obligations under the Notes.

The Issuer does not own any operating assets, and the Issuer may not have access to the cash flow and other assets of the Guarantor and its subsidiaries that will be needed to make payment on the Notes.

The Issuer does not own any operating assets which can generate the cash flows necessary to satisfy its obligations on the Notes. Moreover, a substantial portion of the Guarantor's revenues are generated by, and a substantial portion of the Guarantor's assets are owned by, its subsidiaries, none of which are directly- or indirectly-owned by the Issuer. Accordingly, the Issuer's ability to make payments on the Notes is wholly dependent on the earnings of the Guarantor's subsidiaries, distribution of funds from the Guarantor and the success of the Guarantor's business strategy, ability to successfully compete, prevailing economic conditions and

financial, competitive, legislative, legal, regulatory and other factors, including those other factors discussed in this section “*Risk Factors*”, all of which are beyond the Issuer’s control.

Furthermore, the Guarantor and its subsidiaries are not obligated to make funds available to the Issuer to make payment on the Notes and the terms contained in the financing arrangements of the Guarantor and its subsidiaries limit, and future arrangements may limit, the amounts that the Guarantor and such subsidiaries may distribute to the Issuer.

Additionally, legal constraints, such as transfer approvals, may also limit the amounts that the Guarantor (including via its subsidiaries) can distribute to the Issuer. If distributions to the Issuer from the Guarantor and/or its subsidiaries were eliminated, delayed, reduced or otherwise impaired, the Issuer’s ability to make payments on the Notes would be substantially impaired. Any equity cure by the Guarantor where the Issuer is unable to service the Notes will need to comply with FEMA ODI Regulations, its restrictions and terms and conditions then existing.

The Issuer may not be able to repurchase the Notes upon Change of Control or Guarantee Event.

The Issuer must offer to purchase the Notes upon the occurrence of Change of Control or Guarantee Event at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Change of Control*” and “*Terms and Conditions of the Notes—Redemption and Purchase—Mandatory Redemption for Guarantee Event*”.

The source of funds for any such purchase would be available in cash or third-party financing, but there can be no guarantee that the Issuer will have sufficient available funds at the time of the occurrence of any Change of Control or Guarantee Event to make purchases of outstanding Notes. A failure by the Issuer to purchase, or make the offer to purchase, the outstanding Notes upon Change of Control or Guarantee Event would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods.

Enforcement of the Charge over DSRA Account.

The Notes are secured by the Charge over DSRA Account which will at all times contain an amount equal to the amount of Interest due on all Notes outstanding at that time on the next succeeding Interest Payment Date. Such Charge over the DSRA Account will only come into effect on the date following the 2012 Notes Redemption Date. In the event of the enforcement, the Trustee will have recourse to the security constituted by the Charge over DSRA Account, but only after the date following the 2012 Notes Redemption Date. See “*Terms and Conditions of the Notes—Status of the Notes and Security*”.

If the Issuer fails for whatever reason to redeem or pay interest or principal on the Notes, holders of Notes will have to rely on the enforcement of the security constituted by the Charge over DSRA Account for the repayment of any amounts due on the Notes (in addition to any recourse to the Issuer and/or Guarantor).

Even if the holders of Notes are able to successfully enforce such security, the proceeds from the enforcement of the security will not be sufficient to satisfy all of the Issuer’s obligations under the Notes. The Charge over DSRA Account will not be granted directly to the holders of the Notes but will be granted only in favour of the Trustee. As a consequence, holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes, except through the Trustee, which has agreed to apply any proceeds of enforcement on such security towards such obligations.

Developments in other markets may adversely affect the price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for RMB notes and notes generally is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia, and the Guarantor expects that the Notes will be subject to similar factors. Although economic conditions are different in each country, investors’ reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. Since the sub-prime mortgage crisis in 2008 and during the continued global downturn, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Interest rate, exchange rate and currency risks and exchange controls.

The Issuer will pay principal and interest on the Notes in RMB. This presents certain risks relating to currency conversions if the Noteholder’s financial activities are denominated principally in a currency or currency unit

(the “**Noteholder’s Currency**”) other than RMB. These include the risk that exchange rates may significantly change (including changes due to devaluation of the RMB or revaluation of the Noteholder’s Currency) and the risk that authorities with jurisdiction over the Noteholder’s Currency may impose or modify exchange controls. An appreciation in the value of the Noteholder’s Currency relative to the RMB would decrease (1) the Noteholder’s Currency-equivalent yield on the Notes; (2) the Noteholder’s Currency-equivalent value of the principal payable on the Notes; and (3) the Noteholder’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholder’s may receive less interest or principal than expected, or no interest or principal, in RMB. Furthermore, a depreciation of the value of the RMB or Rupee will affect the cost of Yuhe’s and Guarantor’s respective purchases denominated in currencies other than RMB or the Rupee. Any significant fluctuation in exchange rates to the disadvantage of the Issuer, Yuhe or the Guarantor may increase the cost of the debt and derivative contracts and generally have a material adverse effect on the results of operations.

The Issuer is unlisted, and will only follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies and debt securities listed in certain other countries.

The Issuer is not listed on a securities exchange and, as such, is not required to make any disclosure pursuant to the listing requirements for a company with listed equity. Upon the issuance of the Notes, the Issuer will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The Notes will initially be held in book-entry form, and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through the CMU and its operator, the HKMA and participants, including Euroclear and Clearstream. Interests in the Global Certificate representing the Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes. The custodian for the CMU will be the sole registered holder of the Global Certificate. Payments of principal, interest and other amounts owing on or in respect of the Global Certificate will be made to the paying agent who will make payments to the CMU. Thereafter, these payments will be credited to accounts of participants (including Euroclear and Clearstream) that hold book-entry interests in the Global Certificate and credited by such participants to indirect participants. After payment to the custodian for the CMU, the Issuer will have no responsibility or liability for payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if any investor owns a book-entry interest, such investor must rely on the procedures of the CMU, HKMA, Euroclear and Clearstream, and if such investor is not a participant in the CMU, the HKMA, Euroclear and Clearstream on the procedures of the participant through which such investor owns its interest, to exercise any rights and obligations of a holder of Notes under the Trust Deed.

Upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Notes are issued in respect of all book-entry interests, if any investor owns a book-entry interest, such investor will be restricted to acting through the CMU, the HKMA, Euroclear and Clearstream. The procedures to be implemented through the CMU, the HKMA, Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

The terms and conditions of the Notes are subject to changes of law.

The terms and conditions of the Notes are based on laws in effect as of the date of this offering memorandum. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative practice after the date of this offering memorandum.

A trading market for the Notes may not develop and there are restrictions on the resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. Application will be made to the SGX-ST for the listing of, and permission to deal in, the Notes by way of selectively marketed securities. There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Issuer’s or the Guarantor’s operations and the

market for similar securities, and there is no guarantee such market will continue. None of the Joint Lead Managers is obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, there are various selling restrictions relating to the Notes which may be applicable in various jurisdictions. The Notes have not been or will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. The Notes may not be offered, sold or resold in any jurisdiction unless they are registered or sold pursuant to an exemption from such registration.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's or the Guarantor's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There is no assurance that these developments will not occur in the future.

The Notes may be redeemed at the Issuer's option on the occurrence of certain events.

The Issuer has the right to redeem the Notes, in whole but not in part, at their principal amount together with any unpaid accrued interest thereon to the date fixed for redemption if the Issuer satisfies the Trustee of certain matters related to taxation with respect of the Notes (and the Trustee shall be entitled to accept such certificate or opinion from the Issuer, without any liability on its part, as sufficient evidence of the satisfaction of the conditions precedent to such redemption). See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation and other Reasons*".

The date that the Issuer elects to redeem the Notes may not accord with the preference of individual holder, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the Notes. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective yield at the same level as that of the Notes.

Enforcing the rights of Noteholders under the Notes across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer and will be guaranteed by the Guarantor. The Issuer is incorporated in Singapore. The Guarantor is incorporated under the laws of India. The Notes and the Trust Deed will be governed by English law. The Escrow Account, if and when it is established, will be located in Hong Kong. In the event of a bankruptcy, insolvency or similar event, proceedings could potentially be initiated in several jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the investor's rights. The rights of Noteholders will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that the Trustee or Noteholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Singapore, India, Hong Kong and England may be materially different from, or be in conflict with, each other and those with which holders of the Notes may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and adversely affect the investor's ability to enforce Noteholders' rights in the relevant jurisdictions or limit any amounts that they may receive.

Noteholders' rights may be subject to modification, waivers and substitution.

The Conditions and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to changes to transaction documents which are of a formal, minor or technical nature or which are made to correct a manifest error or to comply with any mandatory provision of law and modifications and waivers and authorisations of any breach or proposed breach of the transaction document. that, in the opinion of the Trustee, are not materially prejudicial to the interests of the Noteholders. Any such modifications or waivers shall be binding on the Noteholders.

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the

consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

The Notes are issued in multiple denominations.

The Notes have denominations consisting of a minimum of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof. It is possible that the Notes may be traded in amounts in excess of RMB1,000,000 that are not integral multiples of RMB10,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than RMB1,000,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least RMB1,000,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of RMB1,000,000 may be illiquid and difficult to trade.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including the giving of notice to the Issuer pursuant to Condition 10 and enforcement of the Notes pursuant to Condition 14 of the Conditions), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the terms of the Trust Deed or the Notes or applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

There can be no assurance that the Notes will be treated as “qualifying debt securities”.

The Notes to be issued are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“ITA”), subject to the fulfilment of certain conditions more particularly described in the section “Taxation—Singapore taxation”. However, there can be no assurance that such Notes will continue to be “qualifying debt securities” or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws, administrative guidelines or MAS circulars be amended or revoked at any time.

Risks relating to the Guarantee

If a Guarantee Event occurs and the Notes are redeemed, Noteholders will not receive the anticipated return on the Notes.

If a Guarantee Event occurs, the Trustee will be entitled to provide written instructions to the Account Bank to repay amounts due in respect of the Notes to the Noteholders. A Guarantee Event will occur where either the 2012 Notes are not redeemed on the 2012 Notes Redemption Date (such that the Guarantee does not come into effect on that date) or the Guarantee is not (or is claimed not to be) enforceable, valid and in full force and effect on the Guarantee Effective Date. If this occurs, the Noteholders will receive repayment in respect of the principal amount of the notes prior to the Maturity Date and will not earn the return that they otherwise would have if the Notes had continued to earn interest until the Maturity Date.

The Guarantee will only come into effect on the Guarantee Effective Date; until then the Noteholders only have recourse against the Escrow Account.

The Guarantee is a springing guarantee that will only take effect on the Guarantee Effective Date, being the date on which the Trustee notifies the Issuer and Guarantor that the proceeds in the Escrow Account have been transferred to the principal account of ITNL Offshore Pte Ltd as issuer of the 2012 Notes, (to be subsequently applied towards redeeming the 2012 Notes in full). Until the Guarantee Effective Date occurs, the Noteholders will not have the benefit of the Guarantee and any recourse to the Guarantor in respect of their claims under the Notes. Accordingly, if the Issuer fails to pay amounts due on the Notes for any reason, the Noteholders would have to rely on enforcement of the Trust Deed and Escrow Agreement in the ordinary course to recover those amounts out of proceeds from the Escrow Account. If there are insufficient moneys in the Escrow Account to pay all amounts outstanding under the Notes and the Trust Deed to the Noteholders, the Issuer is a special purpose vehicle with no material assets or revenues from which to satisfy such insufficiency.

The Guarantee is capped at 100 per cent. of the principal amount of the Notes and may not be sufficient to pay all amounts due under the Notes or the Trust Deed.

The Guarantor has guaranteed the payment of all obligations due under the Trust Deed and the Notes. The Guarantee is limited to 100 per cent. of the principal amount of the Notes that will be issued. Under certain circumstances, including as a result of the accrual of interest over time, the obligation to pay additional amounts due under the Trust Deed, the amounts due under the Trust Deed and the Notes may exceed the guaranteed amount. With respect to any such excess amount, the Noteholders would not have any claim against the Guarantor.

The Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.

Enforcement of the Guarantee will be subject to certain defences available to the Guarantor in India. These laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalisation, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, the Guarantor may have no liability or reduced liability under its Guarantee depending on the amount of its other obligations and applicable law. The liability of the Guarantor will be limited to the amount that will result in the Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of the Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished. If a court decided that the Guarantee is a preference, fraudulent transfer or conveyance and voided the Guarantee, or held it unenforceable for any other reason, Noteholders may cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer.

In the event that the Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations applies, the Noteholders would have no claims against the Guarantor and if the Issuer cannot satisfy the Issuer's obligations under the Notes or the Guarantee is found to be a preference, fraudulent transfer or conveyance or are otherwise set aside, there can be no assurance that the Issuer can ever repay in full any amounts outstanding under the Notes.

The Guarantee will be effectively subordinated to any secured obligations of the Guarantor to the extent of the assets serving as security for such obligations.

The Guarantee will constitute unsubordinated obligations of the Guarantor and will rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Guarantor and senior in right of payment to all subordinated indebtedness of the Guarantor. The Guarantee will be issued as a general obligation of the Guarantor. However, the Guarantee will be effectively subordinated to any secured obligations of the Guarantor to the extent of the assets serving as security for such secured obligations. In bankruptcy, the holder of a security interest with respect to any assets of the Guarantor would be entitled to have the proceeds of such assets applied to the payment of such holder's claim before the remaining proceeds, if any, are applied to the claims of the Noteholders.

The nature of the Guarantor's business could result in the Guarantor qualifying as a non-banking financial company or a core investment company.

While the Guarantor does not currently qualify as a non-banking financial company ("NBFC") or a core investment company ("CIC"), the nature of the business of the Guarantor exposes it to the risk of, and there can be no assurance of the Guarantor not, meeting certain specified criteria in terms of its holdings and financial assets and financial incomes for qualifying as an NBFC or a CIC. In the event the Guarantor is classified as an NBFC or a CIC, it will be required to comply with certain conditions, including those in relation to adjusted net worth and outside liabilities, as prescribed by the Reserve Bank of India and under applicable regulations.

Risks relating to RMB-denominated Notes

There is only limited availability of RMB outside the PRC, which may affect the liquidity of the Notes and the Issuer's ability to source RMB outside of the PRC to service the Notes.

As a result of the restrictions imposed by the PRC Government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC

Government and the Hong Kong government, licensed banks in Hong Kong may offer limited RMB-denominated banking services to Hong Kong residents and specified business customers. The People's Bank of China (“**PBOC**”), the central bank of the PRC, has also established a RMB clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of CNY Business (the “**Settlement Agreement**”) between the PBOC and Bank of China (Hong Kong) Limited (the “**CNY Clearing Bank**”) to further expand the scope of CNY business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As of 30 April 2014, the total amount of RMB deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB959,898 million according to the HKMA Monthly Statistical Bulletin. Participating banks are required by the HKMA to maintain a total amount of RMB (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25 per cent. of their RMB deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporates in relation to cross-border trade settlement and for individual customers with accounts in Hong Kong of up to RMB20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Growth of the offshore RMB market is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting the availability of RMB offshore. The limited availability of RMB outside of the PRC may affect the liquidity of the Notes and could trigger the currency fallback provision permitting the Issuer to make payments in respect of the Notes in US dollars (see Condition 8(g) of the Conditions). To the extent the Issuer is required to source RMB in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all.

The RMB is not freely convertible; there are significant restrictions on remittance of RMB into and outside the PRC.

The RMB is not freely convertible at present. The PRC Government continues to regulate conversion between the RMB and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC Government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover twenty provinces and cities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. It was further extended in August 2011 to cover all provinces and cities in the PRC. The RMB trade settlements under the pilot scheme have become one of the most significant sources of RMB funding in Hong Kong.

On 3 December 2013, the Ministry of Commerce People's Republic of China (“**MOFCOM**”) promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (the “**MOFCOM RMB FDI Circular**”) which replaced the previous circular in this regard promulgated by MOFCOM on 12 October 2011. Pursuant to the MOFCOM RMB FDI Circular, RMB foreign direct investments (“**RMB FDI**”) shall comply with foreign investment laws and regulations. The MOFCOM RMB FDI Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for strategic investments in PRC domestic.

On 13 October 2011, the PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the “**PBOC RMB FDI Measures**”), which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Prior to the PBOC RMB FDI Measures, cross-border RMB settlement for RMB FDI required approvals from the PBOC on a case-by-case basis. The new rules replace the PBOC approval requirement with a less onerous post-event registration and filing requirement. Under the new rules, foreign invested enterprises (whether established or acquired by foreign investors) need to (i) register their corporate information after the

completion of a RMB FDI transaction, and (ii) make post-event registration or filing with the PBOC of any changes in registration information or in the event of increase or decrease of registered capital, equity transfer or replacement, merger or acquisition.

The above measures and circulars are still relatively new, how they will be applied in practice still remain subject to interpretation by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border RMB remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC.

Investment in the Notes is subject to exchange rate risks.

The value of the RMB against the Euro, US dollar, Rupee and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. In addition, although the primary obligation of the Issuer is to make all payments of interest and principal with respect to the Notes in RMB, in the event access to RMB deliverable in Hong Kong becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in the Conditions) the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in RMB in Hong Kong, the terms of the Notes allow the Issuer to make payment in US dollars at the prevailing spot rate of exchange, all as provided for in more detail in Condition 8(g) of the Conditions. As a result, the value of these RMB payments in Euros or Rupees terms (or other foreign currencies) may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys the Notes, it may need to convert Euros to RMB at the exchange rate available at that time. If the value of RMB depreciates against a currency other than the Renminbi, such as the Euro, between then and when the Issuer pays back the principal of the Notes in RMB at maturity, the value of the investment in terms of such non-RMB currency will have declined.

Payments for the Notes will only be made to investors in the manner specified in the Notes.

Except in the limited circumstances set out in Condition 8(g) of the Conditions, all payments to investors in respect of the Notes will be made solely: (i) when the Notes are represented by a global certificate deposited with a sub-custodian for the CMU, by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures; or (ii) when the Notes are in definitive form, by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing rules and regulations; and the Issuer cannot make payment by any other means (including in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

TERMS AND CONDITIONS

The following other than the words in italics is the text of the terms and conditions of the Notes which will appear on the reverse of each of the definitive certificates evidencing the Notes:

The issue of the Notes was authorised by resolutions of the Board of Directors of ITNL Offshore Two Pte. Ltd. (the “**Issuer**”) passed on 4 March 2015 and 24 March 2015 and the Guarantee with respect to the Notes was authorised by a resolution of the Committee of Directors of IL&FS Transportation Networks Limited (the “**Guarantor**”) passed 11 March 2015. The Notes are constituted by a trust deed (the “**Trust Deed**”) dated 1 April 2015 between the Issuer, the Guarantor and DB Trustees (Hong Kong) Limited as trustee (the “**Trustee**”) which expression shall include all persons for the time being the trustee or trustees, or the security trustee or security trustees, as the case may be, under the Trust Deed) for the holders of the Notes. The obligations of the Issuer under the Notes will be secured by a charge over the DSRA Account (as defined below) on and from the date following the 2012 Notes Redemption Date (the “**Charge over DSRA Account**”) to be granted by the Issuer in favour of the Trustee. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the Notes). Copies of the Trust Deed, of the agency agreement (the “**Agency Agreement**”) dated 1 April 2015 relating to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, Hong Kong Branch as the registrar (the “**Registrar**”), as the transfer agent (the “**Transfer Agent**”), as the calculation agent (the “**Calculation Agent**”), as the CMU lodging agent (the “**CMU Lodging Agent**”) and as the principal paying agent (the “**Principal Paying Agent**”) and the other agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified offices of the Principal Paying Agent, the Registrar and each Transfer Agent. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent, the CMU Lodging Agent and any other agent or agents appointed from time to time with respect to the Notes. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1. Form, Specified Denomination and Title

The Notes are issued in the specified denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a) (*Transfers of Notes—Transfer*), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” and “**holder**” means the person in whose name a Note is registered.

*Upon issue, the Notes will be represented by a global certificate (the “**Global Certificate**”) registered in the name of, and lodged with a sub-custodian for, the HKMA as operator (the “**Operator**”) of the CMU. The Conditions are modified by certain provisions contained in the Global Certificate. See “*The Global Certificate*”.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

2. Transfers of Notes

- (a) **Transfer:** A holding of Notes may, subject to Condition 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be

issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (b) **Partial Redemption in Respect of Notes:** In the case of a partial redemption of a holding of Notes represented by a single Certificate a new Certificate shall be issued to the holder in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) or Condition 2(b) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered: (i) during the period of 15 days ending on (and including) the due date for redemption of that Note; (ii) after any such Note has been called for redemption; or (iii) during the period of seven days ending on (and including) any Record Date.

3. Status of the Notes and Security

- (a) **Status:** The Notes constitute direct, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, subject to Condition 5 (*Covenants*) and save only for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer.
- (b) **Security:**
 - (i) The Issuer shall, no later than the date following the 2012 Notes Redemption Date, cause the obligations of the Issuer under the Notes and the Trust Deed to be secured rateably and on a *pari passu* basis by a first priority fixed charge over the DSRA Account (as defined below) under Hong Kong law (the “**Security**”).
 - (ii) The Issuer shall ensure that the Charge over DSRA Account is registered by the Issuer with the Accounting and Corporate Regulatory Authority of Singapore or any other relevant authority in any applicable jurisdiction not later than the earlier of (i) the date falling 7 Business Days following the 2012 Notes Redemption Date; and (ii) the expiry of any statutory time limits applicable to the registration of such security in such jurisdictions and, from the date of creation of the Charge over DSRA Account, promptly, take such other steps and do all such other things as the Trustee may require to perfect or protect the Security granted to it or the priority of such Security and to facilitate the realisation of the assets that are the subject of the Security and the exercise of any rights vested in the Trustee or any of its nominees or delegates, including without limitation executing any transfer, charge,

mortgage, assignment or assurance of the charged assets (whether to the Trustee or any of its nominees or delegates or otherwise), making any registration and giving any notice, order or direction.

- (iii) Other than with the consent of the Trustee acting in accordance with an Extraordinary Resolution, the Security shall only be discharged upon the written request of and at the cost of the Issuer as soon as reasonably practicable following the date on which: (i) all of the Notes have been redeemed or purchased and cancelled in full; and (ii) all amounts due and any and all claims arising under the Notes and any of the Transaction Documents from the Issuer have been paid, extinguished, settled or otherwise discharged in full.

4. Guarantee

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably, with effect on and from the Guarantee Effective Date, guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes up to the Guaranteed Amount (as defined below). The Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.
- (b) **Status of the Guarantee:** The payment obligations of the Guarantor under the Guarantee constitute (subject to Condition 5(a) (*Covenants—Negative Pledge*)) unsecured and unsubordinated obligations of the Guarantor and rank and will rank at all times *pari passu* with all other outstanding present and future unsecured and unsubordinated obligations of the Guarantor but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
- (c) **Limitation of the Guarantee:**
 - (i) The aggregate amount payable by the Guarantor under the Guarantee shall not exceed an amount equal to 100 per cent. of the outstanding principal amount of the Notes, and will be reduced by (i) any amounts paid by the Guarantor under the Guarantee from time to time, or (ii) by any amount in respect of which Notes are purchased in accordance with Condition 7(e) (*Redemption and Purchase—Purchase*) (the "**Guaranteed Amount**").
 - (ii) No claim shall be made against the Guarantor in respect of its obligations under the Guarantee after the earlier of:
 - (1) the date on which all amounts due and payable under the terms of the Notes have been unconditionally and irrevocably paid in full; and
 - (2) the date falling six months after the Maturity Date of the Notes.
 - (iii) For the avoidance of doubt, any claim made against the Guarantor prior to the expiry of the period specified in paragraph 4(c)(ii) above shall survive such expiry.

5. Covenants

- (a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (excluding any Non-Recourse Security and the 2014 Notes Security) (the "**Further Security**"), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure:
 - (i) any Relevant Indebtedness, or
 - (ii) any guarantee or indemnity in respect of any Relevant Indebtedness,in each case, without at the same time or prior thereto according to the Notes the same Further Security as is created or subsisting to rateably secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either: (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders; or (ii) shall be approved by an Extraordinary Resolution of the Noteholders.
- (b) **Escrow Account:**
 - (i) The Issuer shall on or before the Issue Date open a RMB denominated escrow account (the "**Escrow Account**") with the Account Bank and ensure that all proceeds of the Notes are deposited into that account on the Issue Date and that the amount of such proceeds are maintained at all times before the 2012 Notes Redemption Date, except to the extent that the Trustee instructs the withdrawal of such amount before that date in accordance with these Conditions.

- (ii) No withdrawal or transfer from the Escrow Account may be made by the Issuer without the prior written consent of the Trustee (acting on the instructions of the Noteholders in accordance with the Trust Deed) and the Trustee may instruct that such amounts are paid into the principal account in respect of the 2012 Notes for the purpose of subsequently redeeming the 2012 Notes in full or towards paying amounts outstanding under the Notes or the Guarantee Event Redemption Amount in accordance with paragraph 5(b)(iii) below and to the extent of any excess thereafter for transfer to the Issuer.
- (iii) If either:
 - (1) a notice is given by the Trustee to the Issuer (copied to the Account Bank) stating that the Notes are immediately due and payable following the occurrence of an event specified in Condition 10 (*Events of Default*); or
 - (2) a Guarantee Event Redemption Date has occurred,
 then the Account Bank is authorised under the Escrow Agreement to immediately transfer, in accordance with the instructions of the Trustee, any amount standing to the credit of the Escrow Account for payment of any amounts outstanding (including principal and interest) or (as the case may be) the Guarantee Event Redemption Amount under the Notes and to the extent there is any excess thereafter, to transfer such excess to the Issuer.
- (c) **Limitation on Indebtedness:**
 - (i) The Guarantor will not, and will not permit any of its Subsidiaries to, incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness), provided that the Guarantor and any of its Subsidiaries may incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the incurrence of such Indebtedness and the receipt and application of the proceeds therefrom:
 - (1) no Default has occurred and is continuing; and
 - (2) the (Debt + Guarantee) to Equity Ratio on the Incurrence Date would be less than or equal to 3.75 to 1.0.
 - (ii) Notwithstanding the foregoing, the Guarantor and, to the extent provided in the definition of Permitted Indebtedness, any Subsidiary of the Guarantor (other than the Issuer), may incur Permitted Indebtedness.
 - (iii) For purposes of determining compliance with this Condition 5(c), in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in subparagraph (i) above or under the items listed in the definition of Permitted Indebtedness, the Guarantor, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described in subparagraph (i) above or under the definition of Permitted Indebtedness.
- (d) **Net Worth:** For so long as any Note remains outstanding, the Guarantor shall ensure that its Net Worth is at all times at least US\$1.00.
- (e) **General covenants:** Each of the Issuer and the Guarantor has undertaken in the Trust Deed, *inter alia*, that so long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of the Noteholders, the Issuer shall not, and the Guarantor shall procure that the Issuer shall not, and in the case of paragraph 5(e)(ii) the Guarantor shall not:
 - (i) engage in any business other than: (A) borrowing from the Guarantor or any of its Subsidiaries, amounts necessary to fund the Issuer's obligations under the Transaction Documents and the Subscription Agreement (as defined in the Trust Deed) provided that the Issuer's payment obligations under such loans are contractually subordinated to the Issuer's payment obligations under the Notes and the Trust Deed; (B) on-lending the net proceeds of the Notes to the Subsidiaries of the Guarantor located outside of India; (C) investing in any equity, preference shares, lending or other capital investments into other companies outside India and all matters in connection or incidental thereto; (D) assuming all obligations and rights of ITNL Offshore Pte Ltd to allow ITNL Offshore Pte Ltd to be dissolved and (E) entering into related agreements and transactions and performing any act incidental to or necessary in connection with the issue and operation of the Notes or the Transaction Documents or any of the foregoing; and shall have no employees;
 - (ii) take any action or fail to take any action, if such action or failure to take any action may interfere with the enforcement of any rights under the Notes or the Transaction Documents or with respect to the

property or assets subject to the Security in any manner which could materially and adversely affect the interests of the Noteholders;

- (iii) amend or alter any of the provisions of its constitutive documents, as amended and restated (the “**Constitution**”) other than an amendment or alteration that will not (in the opinion of the Trustee) be materially prejudicial to the Noteholders;
 - (iv) incur any indebtedness for borrowed moneys other than (1) the Notes, (2) indebtedness that would fall within paragraph (a) or (d) of the definition of Permitted Indebtedness or contemplated in paragraph (i) above, or, (3) any monies lent by the Guarantor or any of its Subsidiaries to pay for the Issuer’s operating expenses or to fund its obligations under the Notes, in each case as contemplated under the Transaction Documents and provided that the Issuer’s payment obligations under such indebtedness are subordinated to the Issuer’s obligations under the Notes; or
 - (v) use the net proceeds of the Notes in India.
- (f) **Debt Service Reserve Account:**
- (i) The Issuer shall on or before the Issue Date open a Renminbi denominated debt service reserve account (the “**DSRA Account**”) with the Account Bank and, for so long as any Note is outstanding, ensure that the amount standing to that DSRA Account is, subject to paragraph (ii) below, at all times not less than an amount equal to the amount of interest due on all Notes outstanding at that time on the next succeeding Interest Payment Date (the “**DSRA**”).
 - (ii) The Issuer shall, at all times prior to the Maturity Date, after each permitted withdrawal is made in accordance with the Trust Deed, deposit an amount in Renminbi into the DSRA Account within five Business Days (as defined in the Agency Agreement) after the relevant withdrawal to ensure that monies in the DSRA Account after such deposit shall be restored to a balance which is no less than the DSRA.
 - (iii) So long as any Note is outstanding, no withdrawal or transfer from the DSRA Account may be made by the Issuer without the prior written consent of the Trustee (which shall act upon the instructions of Noteholders in accordance with the Trust Deed)), except for the payment of interest or amounts due on the Notes on the Maturity Date, an Early Redemption Date, or in a manner set out in paragraph (ii) above and save to the extent that the amount standing to the credit of the DSRA Account exceeds the DSRA.
 - (iv) The restriction on the withdrawal or transfer of sums standing to the credit of the DSRA Account shall not affect the obligations of the Issuer to make any payments due on the Notes on the date such payment is required to be made under these Conditions.
 - (v) If a notice is given by the Trustee to the Issuer (copied to the Account Bank) stating that the Notes are immediately due and payable following the occurrence of an event specified in Condition 10 (*Events of Default*), then the Account Bank is authorised under the Charge over DSRA Account to immediately transfer to the account of the Principal Paying Agent any amount standing to the credit of the DSRA Account for payment of any amounts outstanding (including principal and interest) under the Notes.
 - (vi) Pursuant to the Agency Agreement:
 - (1) upon written notification by the Principal Paying Agent (which notice shall also specify the interest payment due on the following Interest Payment Date) that irrevocable payment instructions have not been received from the Issuer prior to 10.00 a.m. (Hong Kong time) on the second Business Day (as defined in the Agency Agreement) prior to any Interest Payment Date, and provided that written notice of such failure to provide instructions is provided by the Principal Paying Agent to the Trustee prior to 12.00 noon (Hong Kong time) on such second Business Day (as defined in the Agency Agreement), the Trustee shall on such second Business Day (as defined in the Agency Agreement) instruct the Account Bank to transfer to the Principal Paying Agent from the DSRA Account such monies (up to the then outstanding balance of the DSRA Account) as the Principal Paying Agent advises in writing are necessary to meet the shortfall in any interest payment due under the Notes on such Interest Payment Date, and such monies shall be applied in accordance with the provisions of the Trust Deed and the Agency Agreement towards payment of such amounts due on such Interest Payment Date; and
 - (2) with respect to the Maturity Date or, if earlier, upon the redemption of the Notes, the Trustee shall instruct the Account Bank to transfer to the Principal Paying Agent on the Business Day (as

defined in the Agency Agreement) prior to the Maturity Date or date of redemption sufficient monies (as advised in writing to the Trustee by the Principal Paying Agent) (but no more than the amount standing to the credit of the DSRA Account) to pay any principal or interest due under the Notes.

6. Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 7.5 per cent. per annum, payable semi-annually in arrear on 1 October and 1 April in each year (each an “**Interest Payment Date**”), commencing on 1 October 2015. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at 1.00 per cent. above such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “Interest Period”.

Interest in respect of any Note shall be calculated per RMB 10,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest RMB 0.01 (RMB 0.005 being rounded upwards).

In this Condition 6 (*Interest*), the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

7. Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 1 April 2018 (the “**Maturity Date**”).
- (b) **Redemption for Taxation and other Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) copied to the Trustee, at their principal amount, (together with interest accrued to (but not including) the date fixed for redemption), if:
 - (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that:
 - (A) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*): or
 - (B) the Guarantor in making payment itself would be required to pay such Additional Tax Amounts, in each case, as a result of any change in, or amendment to, the laws or regulations (or rulings promulgated thereunder) of a Relevant Jurisdiction (as defined in Condition 20 (*Definitions*)), or any change in the application or official interpretation of such laws or regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
 - (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant

to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (i) above of this Condition 7(b), in which event it shall be conclusive and binding on the Noteholders.

(c) **Redemption for Change of Control:**

- (i) If a Change of Control occurs, each Noteholder shall have the right (the “**Change of Control Redemption Right**”), at such Noteholder’s option, to require the Issuer to redeem all of such Noteholder’s Note(s) in whole, but not in part, on the Change of Control Redemption Date, at a price equal to the Change of Control Redemption Amount. Neither the Principal Paying Agent nor the Trustee shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred, nor will they be liable to any person for any failure to do so.
- (ii) To exercise the Change of Control Redemption Right attaching to a Note on the occurrence of a Change of Control, the holder thereof must complete, sign and deposit at its own expense at any time from 9:30 am to 5:30 pm (local time in the place of deposit) on any business day at the specified office of the Principal Paying Agent a notice (a “**Change of Control Redemption Notice**”) in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent together with the relevant Certificate evidencing the Notes to be redeemed. Such Change of Control Redemption Notice may be given on the earlier of the date on which the relevant Noteholder becomes aware of the occurrence of the Change of Control and the date on which the Change of Control Notice delivered by the Issuer under Condition 7(c)(iv) is received by such Noteholder. No Change of Control Redemption Notice may be given after 90 days from the date of the Change of Control Notice (as detailed below).
- (iii) A Change of Control Redemption Notice, once delivered, shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Redemption Notice and instead to give notice that the Note is immediately due and repayable under Condition 10 (*Events of Default*). The Issuer shall redeem the Notes (in whole but not in part) which form the subject of the Change of Control Redemption Notice which is not withdrawn on the Change of Control Redemption Date.
- (iv) Not later than seven days after becoming aware of a Change of Control, the Issuer shall procure that notice (a “**Change of Control Notice**”) regarding the Change of Control be delivered to the Trustee, the Account Bank, the Principal Paying Agent and the Noteholders (in accordance with Condition 17 (*Notices*)) stating:
 - (A) that Noteholders may require the Issuer to redeem their Note under Condition 7(c);
 - (B) the date of such Change of Control and, briefly, the events causing such Change of Control;
 - (C) the name and address of the Principal Paying Agent;
 - (D) such other information relating to the Change of Control as any Noteholder may require; and
 - (E) that the Change of Control Redemption Notice pursuant to Condition 7(c)(ii) once validly given, may not be withdrawn.
- (d) **Mandatory Redemption for Guarantee Event:** If a Guarantee Event occurs, the Issuer shall redeem all of the Notes in whole, but not in part, on the Guarantee Event Redemption Date, at a price equal to the Guarantee Event Redemption Amount. Neither the Principal Paying Agent nor the Trustee shall be required to take any steps to ascertain whether a Guarantee Event or any event which could lead to the occurrence of a Guarantee Event has occurred, nor will they be liable to any person for any failure to do so.
- (e) **Purchase:** The Issuer and its Subsidiaries or the Guarantor may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any Subsidiary of the Issuer or the Guarantor, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13(a) (*Meetings of Noteholders, Modification, Waiver and Substitution—Meetings of Noteholders*).
- (f) **Cancellation:** All Certificates representing Notes purchased by or on behalf of the Issuer or any of its Subsidiaries or the Guarantor shall be surrendered for cancellation to the Registrar and, upon surrender

thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(g) **Payment:** Pursuant to the terms of the Trust Deed:

- (i) if no Event of Default has occurred and is continuing, the Issuer shall notify the Trustee in writing seven Business Days prior to any applicable date fixed for redemption of the Notes (a “**Due Date**”) as to whether it will be able to pay the relevant amounts due and payable under the Notes and the Trust Deed in full on the specified Due Date. Should the Issuer fail to provide any such notification to the Trustee, the Issuer shall be deemed to be unable to pay such amounts; and
- (ii) if an Event of Default has occurred and is continuing and the Trustee has delivered an Acceleration Notice, the Issuer shall, by the close of business in Hong Kong on the fourth Business Day following the date of the Acceleration Notice, procure that any amounts due and payable under the Notes and the Trust Deed are paid, or caused to be paid, to or to the order of the Trustee.

For the purposes of this Condition 7(g), “**Business Day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business in New York City, Singapore and Hong Kong.

8. Payments

(a) **Method of Payment:**

- (i) Subject to Condition 8(g), Renminbi is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages.
- (ii) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) by transfer to the registered account of the Noteholder.
- (iii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in Renminbi by transfer to the registered account of the Noteholder. Payment of all amounts other than principal and interest will be made as provided in these Conditions.
- (iv) For the purposes of this Condition 8, a Noteholder’s registered account means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.
- (v) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

For so long as any of the Notes are represented by the Global Certificate, payments of interest or principal will be made to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the Operator at the relevant time, as notified to the Principal Paying Agent by the Operator in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the Operator. Such payment will discharge the Issuer’s obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to a registered account, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency for or with any Noteholder or any relationship of trust for or with any Noteholder or the Issuer. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent or the Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain:
- (i) a Principal Paying Agent;
 - (ii) a Registrar with a specified office outside the United Kingdom;
 - (iii) a Transfer Agent; and
 - (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee in writing.
- Notice of any such change or any change of any specified office of any Agent shall promptly be given to the Noteholders.
- (e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Payment Business Day, or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Payment Business Days:** In this Condition 8, “**Payment Business Day**” means:
- (i) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; and
 - (ii) (if surrender of the relevant Certificate is required) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business and settlement in the relevant place of presentation.
- (g) **Currency Fallback:** Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer shall, on giving not less than seven Determination Business Days nor more than 30 days’ irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in US dollars on the due date at the Spot Rate Dollar Equivalent of any such Renminbi denominated amount. Any payment made under such circumstances in US dollars will constitute valid payment, and will not constitute a default (howsoever described) in respect of the Notes. In such event, any payment of US dollars will be made by a US dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of the Notes at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent, by transfer to a US dollar denominated account with a bank in New York City. For the purpose of this Condition 8(g), all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(g) by the Calculation Agent, will (in the absence of fraud, wilful misconduct, gross negligence or manifest error) be binding on the Issuer, the Agents and all Noteholders.

9. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdictions, unless such withholding or deduction is required by law.

In the event that a withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction is required, the Issuer or, as the case may be, the Guarantor shall, subject to the Guaranteed Amount, pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Note:

- (a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Singapore or India other than the mere holding of the Note; or

- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 9 or any undertaking given in addition to or substitution for it in the Trust Deed.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least twenty per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (provided in each case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest (such notice, an “**Acceleration Notice**”):

- (a) **Non-Payment:** the Issuer fails to pay the principal or any interest on any of the Notes when due or there shall have been a default in payment by the Guarantor under the Guarantee, unless, in the case of a failure to pay interest only, the failure to pay is caused by an administrative or technical error and such payment is made within five Business Days of its due date; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes, the Trust Deed or the Charge over DSRA Account which default is incapable of remedy or, if in the opinion of the Trustee is capable of remedy, is not remedied within 14 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (c) **Cross-Default:** (i) any Indebtedness of the Issuer or the Guarantor or any of the Issuer’s or the Guarantor’s Material Subsidiaries or the 2014 Notes Issuer becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of the Issuer’s or the Guarantor’s Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness; provided that the aggregate amount of the relevant Indebtedness, guarantees or indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds US\$15.0 million (or the Dollar Equivalent thereof); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any Material Subsidiary and such distress, attachment, execution or other legal process has not been set aside within 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (f) **Insolvency:** the Issuer, the Guarantor or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, or the Issuer, the Guarantor or any Material Subsidiary:
 - (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law;
 - (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Guarantor or any Material Subsidiary or for all or substantially all of the property and assets of Issuer, the Guarantor or any Material Subsidiary; or

- (iii) effects any general assignment for the benefit of creditors, or the Issuer, the Guarantor or any Material Subsidiary has accumulated losses equal to or exceeding the sum total of its paid up capital and free reserves or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any Material Subsidiary; or
- (g) **Involuntary Proceedings:** (i) an involuntary case or other proceeding is commenced against the Issuer, the Guarantor or any Material Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Guarantor or any such Material Subsidiary, as the case may be, or for any substantial part of the property and assets of the Issuer, the Guarantor or any such Material Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or (ii) an order for relief is entered against the Issuer, the Guarantor or any Material Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or
- (h) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, the Guarantor or any Material Subsidiary, or the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by an Extraordinary Resolution of the Noteholders; or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or
- (i) **Ownership:** the shareholding of the Guarantor, directly or indirectly through a 100 per cent. Subsidiary of the Guarantor, in the Issuer falls below 100 per cent.; or
- (j) **Guarantee:** (i) the Guarantee, having become enforceable, valid and in full force and effect on the Guarantee Effective Date, is not (or is claimed by the Guarantor to not be) enforceable, valid or in full force and effect at any time after the Guarantee Effective Date; or (ii) the Guarantee is revised, varied, modified, amended, terminated, novated, transferred or assigned without the prior written approval of the Trustee; or
- (k) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes or the Transaction Documents; or
- (l) **Cessation of Business of the Guarantor:** if the Guarantor ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Guarantor stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due; or
- (m) **Restructuring of the Guarantor:** if the Guarantor (or its directors or shareholders) makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (n) **Expropriation of the Guarantor's Assets:** if any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer, the Guarantor or a Material Subsidiary without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or
- (o) **Guarantor Moratorium:** a moratorium is agreed or declared by the Guarantor in respect of any Indebtedness (including any obligations arising under guarantees) of the Guarantor; or
- (p) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(f) to 10(h) (both inclusive); or
- (q) **DSRA Account:** If at any time the sum standing to the credit of the DSRA Account is less than the DSRA, except on the Maturity Date or an Early Redemption Date or during the period of five Business Days after any permitted withdrawal in accordance with the Trust Deed; or
- (r) **Charge over DSRA Account:** at any time after its original date of execution the Charge over DSRA Account is not (or is claimed by the Issuer not to be) in full force and effect or there is any purported termination of the Charge over DSRA Account, or the security interests created by the Charge over DSRA Account fail to be or remain perfected, or the Trustee ceases to have a first priority interest in the Security.

11. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Registrar or such Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (ii) to reduce or cancel the principal amount of, or interest on, the Notes; (iii) to change the currency of payment of the Notes; or
- (iii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution,

in which case, the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed). The Trust Deed contains provisions permitting an Extraordinary Resolution to be obtained by means other than a meeting of the Noteholders.

(b) **Modification of the Trust Deed and other Transaction Documents:** The Trustee may agree, without the consent of the Noteholders, to:

- (i) any modification of any of these Conditions or any of the provisions of the other Transaction Documents that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law; and
- (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the other Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise requires, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

(c) **Entitlement of the Trustee:** In connection with the exercise of its functions, powers and discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require on behalf of any Noteholders, nor shall any Noteholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, and the Trustee shall not, in the exercise at its functions, powers and discretions, have regard to any such consequences.

14. Enforcement

At any time after the Notes become due and payable or an Acceleration Notice in respect of the Notes has been given by the Trustee as contemplated in Condition 10 (*Events of Default*), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed and/or the Notes and/or the Charge over DSRA Account, but it need not take any such proceedings unless: (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least twenty per cent. in principal amount of the Notes outstanding; and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

- (a) The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to any of them without accounting for any profit.
- (b) The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any opinion or advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and each such report, confirmation, certificate, opinion and advice shall be binding on the Issuer, the Guarantor, the Agents and the Noteholders.

16. Further Issues

Subject to obtaining an equivalent guarantee to the Guarantee from the Guarantor (or an increase in the limit of the Guaranteed Amount under the Guarantee), documented in the manner and in the amount required by the Trustee to ensure that in its opinion any such further issue is not materially prejudicial to the interests of the Noteholders, the Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17. Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

19. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed (including the Guarantee) and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Trust Deed or the Notes and any non-contractual obligations arising therefrom and accordingly any legal action or proceedings arising out of or in connection with this Trust Deed or the Notes (“**Proceedings**”) may be brought in such courts. The Issuer and the Guarantor each irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee and each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed in the Trust Deed an agent in England to receive service of process in any Proceedings in England based on any of the Trust Deed or the Notes.

20. Definitions

In these Conditions:

“**2012 Notes**” means the CNY630,000,000 5.75 per cent. guaranteed notes due 2015 issued by ITNL Offshore Pte Ltd as described in the offering circular dated 20 April 2012;

“**2014 Notes**” means the RMB575,000,000 8.00 per cent. notes due 2017 issued by the 2014 Notes Issuer as described in the offering circular dated 10 July 2014;

“**2012 Notes Redemption Date**” means the date on which the 2012 Notes are required to be redeemed, or purchased and cancelled, in full as originally scheduled and/or as extended in accordance with the terms of the 2012 Notes but any such extended date shall not be later than 30 April 2015;

“**2014 Notes Issuer**” means ITNL International Pte Ltd;

“**2014 Notes Security**” means the fixed charge over the interest reserve account granted, or to be granted, in favour of the trustee in respect of the 2014 Notes;

“**Acceleration Notice**” has the meaning given to that term in Condition 10 (*Events of Default*);

“**Account Bank**” means Deutsche Bank AG, Hong Kong Branch;

“**Acquired Indebtedness**” means Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Guarantor or Indebtedness of a Subsidiary of the Guarantor assumed in connection with an asset acquisition by such Subsidiary whether or not incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Subsidiary of the Guarantor;

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Singapore and Hong Kong;

“**Calculation Agent**” means Deutsche Bank AG, Hong Kong Branch;

“**Capital Stock**” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of partnership interests in a partnership, any and all membership interests in a limited liability company, any and all other equivalent ownership interests and any and all warrants, rights or options to purchase any of the foregoing;

A “**Change of Control**” shall occur when Infrastructure Leasing & Financial Services Limited ceases to:

- (a) directly or indirectly:
- (i) own and hold at least 51 per cent. of the outstanding shares of stock of the Guarantor; and
 - (ii) be the single largest holder of the outstanding shares of stock of the Guarantor; or
- (b) directly or indirectly retain the power to determine the outcome of the election of a majority of members of the board of directors of the Guarantor;

“**Change of Control Redemption Amount**” means an amount equal to 101 per cent. of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to and including the redemption date;

“**Change of Control Redemption Date**” means the date specified in the Change of Control Redemption Notice, where such date may not be less than 14 nor more than 30 days after the date of the Change of Control Redemption Notice;

“Commodity Hedging Agreement” means any spot, forward or option, commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices;

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates;

“(Debt + Guarantee) to Equity Ratio” means, the ratio of:

- (a) (Debt + Guarantee); to
- (b) Equity.

“(Debt + Guarantee)” means, total secured or unsecured Indebtedness that is, or would be, classified as “Debt” in the most recent audited semi-annual or audited annual standalone financial statements of the Guarantor, including any corporate and financial guarantees provided and disclosed as contingent liabilities in the most recent audited semi-annual or audited annual standalone financial statements of the Guarantor and indebtedness in relation to preference shares to the extent that the preference shares are redeemable at any time before the Maturity Date, and, in respect of an incurrence of Indebtedness under Condition 5(c) (*Limitation on Indebtedness*) after taking into account the net effects (if any) of any such Indebtedness incurred, repaid or redeemed and any such corporate and financial guarantees entered into, terminated or cancelled during the period commencing on and including the date of the most recent audited semi-annual or audited annual standalone financial statements of the Guarantor and ending on and including the Incurrence Date.

For the purposes of determining “(Debt + Guarantee)”, when arriving at the Rupee equivalent of any foreign currency guarantees extended by the Guarantor, the exchange rates used in the relevant financial statements to convert foreign currency debt into Rupees as at the most recent Testing Date shall be used;

“Default” means a Potential Event of Default or Event of Default;

“Determination Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, Singapore and New York City;

“Determination Date” means the day which is three Determination Business Days before the due date of the relevant amount under these Conditions;

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination;

“Early Redemption Date” means date for the redemption of the Notes prior to the Maturity Date provided for in Condition 7(b) (*Redemption and Purchase—Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase—Redemption for Change of Control*) or 7(d) (*Redemption and Purchase—Mandatory Redemption for Guarantee Event*);

“Equity” means the paid up share capital, redeemable or irredeemable preference share capital (excluding preference shares to the extent that the preference shares are redeemable at any time prior to the Maturity Date), compulsory convertible securities, unsecured subordinated optionally convertible securities subscribed by a Group Company, free reserves and profit (including any retained profit), as would be set out in the most recent audited semi-annual or audited annual standalone financial statements of the Guarantor, and, in respect of an incurrence of Indebtedness under Condition 5(c) (*Limitation on Indebtedness*), after taking into account the net effects (if any) of any changes in Equity during the period commencing on and including the date of the most recent audited semi-annual or audited annual standalone financial statements of the Guarantor and ending on and including the Incurrence Date;

“Extraordinary Resolution” has the meaning given to that term in the Trust Deed;

“Governmental Authority” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the PRC or Hong Kong;

“Group” means the Guarantor and its Subsidiaries;

“Group Company” means and refers to any company:

- (a) in respect of which the Guarantor has control, whether directly or indirectly; and

- (b) which has control of the Guarantor, whether directly or indirectly; and
- (c) the Persons in respect of whom the companies referred to in sub-clause (b) of this definition, has control, whether directly or indirectly,

where for the purposes of this definition “**control**” of one person (the “**first person**”) by another person (the “**second person**”) or the first person being “**controlled**” by the second person means that the second person (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or a majority of the members of the board of directors or other governing body of the first person or otherwise controls or has the power of control over the affairs and policies of the first person;

“**Guarantee Effective Date**” means the date on which the Trustee has notified the Issuer and Guarantor that the proceeds in the Escrow Account have been transferred to the “Principal Account” under and as defined in the terms and conditions of the 2012 Notes (to be subsequently applied towards redeeming the 2012 Notes in full);

“**Guarantee Event**” means:

- (a) the 2012 Notes are not redeemed in full by the 2012 Notes Redemption Date;
- (b) the Guarantee is not (or is claimed by the Guarantor not to be) enforceable, valid and in full force and effect for any reason whatsoever on the Guarantee Effective Date;

“**Guarantee Event Redemption Amount**” means an amount equal to 101 per cent. of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to and including the redemption date;

“**Guarantee Event Redemption Date**” means, in respect of:

- (a) a Guarantee Event referred to in paragraph (a) of the definition of “Guarantee Event”, the date falling 5 Business Days after the 2012 Notes Redemption Date; or
- (b) a Guarantee Event referred to in paragraph (b) of the definition of “Guarantee Event”, the date falling 5 Business Days after the Guarantee Effective Date;

“**Hedging Obligation**” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement;

“**Illiquidity**” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to obtain a firm quote of an offer price in respect of an amount in Renminbi equal to any amount to be paid in respect of the Notes (the “**Relevant Disrupted Amount**”), on the relevant date for payment pursuant to the Agency Agreement, either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Renminbi exchange market in Hong Kong. For the avoidance of doubt, the inability of the Issuer to obtain such firm quote solely due to issues relating to its creditworthiness shall not constitute Illiquidity;

“**Inconvertibility**” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the avoidance of doubt, the inability for a party to convert Renminbi solely due to issues relating to its creditworthiness shall not constitute Inconvertibility;

“**Incurrence Date**” means, with respect to any Indebtedness, the date such Indebtedness is to be incurred;

“**Indebtedness**” means any: (i) present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any: (a) notes, Notes, debentures, debenture stock, loan stock or other securities; or (b) moneys borrowed or raised; or (c) liability under or in respect of any acceptance or acceptance credit; or (ii) in the case of the Issuer, Hedging Obligation;

“**Interest Rate Agreement**” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates;

“**Issue Date**” means 1 April 2015;

“**Material Subsidiary**” means any Subsidiary of the Guarantor:

- (a) whose profit before tax and exceptional items (“**pre-tax profit**”) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited profit and loss

account, are at least 5 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated profit and loss account of the Guarantor and its consolidated Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

- (b) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least 5 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Guarantor whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a) and (b) of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
 - (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, pre-tax profit or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of *proforma* consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Noteholders;
 - (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its pre-tax profit or gross assets (consolidated, if appropriate) shall be determined on the basis of *proforma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Noteholders; and
 - (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (1) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Material Subsidiary shall be based on a *proforma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or
- (c) any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary, and the Subsidiary to which the assets are so transferred shall cease to be a Material Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, unless such Subsidiary would continue to be a Material Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (i) or (ii) above of this definition.

A certificate prepared by the Directors of the Guarantor stating that in their opinion a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

Any such certificate shall be accompanied by a report by an internationally recognised firm of accountants addressed to the Directors of the Guarantor and the Trustee confirming the proper extraction of the figures used by the Guarantor in determining the Material Subsidiaries of the Guarantor and mathematical accuracy of the calculation;

“**Maturity Date**” has the meaning given in Condition 7(a) (*Redemption and Purchase—Final Redemption*);

“**Net Worth**” of the Guarantor means, as at any particular time, the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of the Guarantor (other than any shares which are expressed to be redeemable); and
- (b) the amount standing to the credit of the consolidated reserves of the Group,

less (but without double counting) any amount included in the above which is attributable to:

- (i) goodwill or other intangible assets;

- (ii) amounts set aside for Tax;
- (iii) any amount in respect of interests of non-Group members in Group subsidiaries;
- (iv) the amount by which the net book value of any asset has been written up after 30 June 2014 (or, in the case of a person becoming a member of the Group after that date, the date on which that person became or becomes a member of the Group) by way of revaluation or on its transfer from one member of the Group to another; and
- (v) any dividend or other distribution declared, recommended or made by the Guarantor and to the extent not provided for in the most recent financial statement,

in each case in accordance with generally accepted accounting principles in India, but ignoring any variation in the credit or debit balance on the Group consolidated profit and loss account since the date of the then latest audited consolidated balance sheet of the Group. For the purposes of determining “Net Worth”, while arriving at the rupee equivalent of foreign currency amounts, exchange rates used in the relevant financial statements to convert foreign currency debt into Rupees as at the Testing Date shall be used;

“Non Recourse Indebtedness” means any Indebtedness (including Acquired Indebtedness) incurred by any member of the Group in connection with a specifically identifiable project and relating to a specific asset, where:

- (a) recourse for the Indebtedness (including Acquired Indebtedness) is limited to (A) such asset and the assets and cash flow generated by the specifically identifiable project and/or (B) any guarantees provided by any other Person not being a member of the Group; and
- (b) there is no recourse with respect to such Indebtedness to any other member of the Group;

“Non-Recourse Security” means any security created by any member of the Group to secure Relevant Indebtedness incurred by such member of the Group in connection with a specifically identifiable project and relating to a specific asset or special purpose vehicle which owns such asset or project (together the **“Project Assets”**), where recourse for the Relevant Indebtedness so secured is limited to such Project Assets and any cash flow generated by the Project Assets and there is no other recourse with respect to such Relevant Indebtedness to any other member of the Group except any guarantee or indemnity given by the Guarantor in an amount not exceeding 33 per cent. of the principal amount of such Relevant Indebtedness;

“Non-transferability” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong and outside the PRC or from an account outside Hong Kong and outside the PRC to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Non-Transferability only, a segregated Chinese Renminbi fiduciary cash account with the People’s Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

“Payment Business Day” shall have the meaning set forth in Condition 8(f) (*Payments—Payment Business Days*);

“Permitted Indebtedness” mean Indebtedness:

- (a) under the Notes or for the purpose of refinancing the Notes;
- (b) outstanding on the Issue Date;
- (c) owed to the Issuer;
- (d) incurred pursuant to Hedging Obligations designed to protect from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (e) (i) constituting reimbursement obligations with respect to workers’ compensation claims or self-insurance obligations (in each case, other than for an obligation for borrowed money), (ii) bid, performance or surety bonds (in each case, other than for an obligation for borrowed money), and (iii) guarantees, warranties, indemnities or other similar instruments and obligations in respect of bid, performance or surety bonds (in each case, other than for an obligation for borrowed money);
- (f) constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt of a demand for reimbursement;

- (g) arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation pursuant to such agreements, in any case, incurred in connection with the disposition of any business, assets or Capital Stock, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Capital Stock;
- (h) arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business provided, however, that such Indebtedness is extinguished within ten days of incurrence;
- (i) with a maturity of one year or less used for working capital; provided that the aggregate principal amount of Indebtedness permitted by this clause (i) at any time outstanding does not exceed US\$25.0 million (or the Dollar Equivalent thereof using the exchange rates existing as of the Issue Date);
- (j) Non-Recourse Indebtedness;
- (k) Permitted Refinancing Indebtedness;
- (l) incurred by any member of the Group and owed to another member of the Group:
 - (i) that by its terms is subordinated in all respects to the Notes;
 - (ii) that bears interest at a rate not to exceed the minimum rate necessary to be considered an arm's length transaction under any transfer pricing regulations applicable to the Issuer or the Guarantor in respect of such transaction; and
 - (iii) the proceeds of which are used exclusively to satisfy principal or interest obligations under the Notes and, pending such payments and to the extent the Debt Service Reserve Account has been established, are deposited directly in the Debt Service Reserve Account; or
- (m) owed by a Subsidiary of the Guarantor to another Subsidiary of the Guarantor incurred in the ordinary course of business;

“Permitted Refinancing Indebtedness” means Indebtedness issued in exchange for, or the net proceeds of which are used to refinance, refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, **“Refinance”** and **“Refinances”** and **“Refinanced”** shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness Refinanced substantially concurrently with but in any case before the incurrence of such Permitted Refinancing Indebtedness) incurred under paragraph (i) of “Limitations on Indebtedness” or clauses (a), (b) or (k) of the definition of Permitted Indebtedness and any Refinancings thereof in an amount not to exceed the amount so Refinanced (plus premiums, accrued interest, fees and expenses); provided that:

- (a) Indebtedness the proceeds of which are used to Refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in all respects to, the Notes shall only be permitted under this definition if:
 - (i) in case the Notes are Refinanced in part or the Indebtedness to be Refinanced is *pari passu* with the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in all respects to, the remaining Notes; or
 - (ii) in case the Indebtedness to be Refinanced is subordinated in all respects to the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes, at least to the extent that the Indebtedness to be Refinanced is subordinated to the Notes;
- (b) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if Incurred with original issue account, the aggregate accreted value, then outstanding or committed, plus fees and expenses, including any premium and defeasance costs, under the Indebtedness being Refinanced; and
- (c) in no event may unsecured Indebtedness of the Issuer and any Subsidiary of the Issuer be refinanced pursuant to this clause with secured Indebtedness;

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“Potential Event of Default” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*) become an Event of Default;

“PRC” means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan);

“Relevant Date” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender;

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, Notes, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and denominated, payable or optionally payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside India by, or with the authorisation of, the Issuer or the Guarantor (for the avoidance of doubt offering of such indebtedness to Foreign Institutional Investors in India shall not be construed as ‘distributed outside India’). Notwithstanding the foregoing: (i) any indebtedness which is intended to refinance the Notes in full, and (ii) any indebtedness which is intended to refinance the 2014 Notes in full, (provided that such indebtedness is entered into on similar terms (allowing for such deviations as may be required to accommodate market conditions at the time of the relevant refinancing) and supported by the same security as that granted in respect of the 2014 Notes), shall, in each case, be ignored for the purposes of determining “Relevant Indebtedness”;

“Relevant Jurisdiction” means Singapore or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or the Republic of India or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes;

“RMB”, “CNY” or “renminbi” means the lawful currency of the PRC;

“Spot Rate” means the spot CNY/US dollar exchange rate for the purchase of US dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in three Determination Business Days as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page CNHFIX, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/US dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

“Spot Rate Dollar Equivalent” means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Determination Date;

“Subsidiary” means any entity whose financial statements at any time are required in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor, as applicable;

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

“Testing Date” means each 31 March and 30 September in each year, commencing with 30 September 2015;

“Transaction Documents” means the Trust Deed, the Agency Agreement and the Escrow Agreement;

“US Dollar Equivalent” means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Determination Date; and

“US\$”, “USD” or “US dollars” means the lawful currency of the United States of America.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Notes in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Notes will be issued in registered form and represented by a Global Certificate registered in the name of the HKMA, in its capacity as operator of the CMU (the “**CMU operator**”), and shall be delivered to and held by a sub-custodian nominated by the HKMA as operator of the CMU. The Global Certificate will be held for the account of the CMU members who have accounts with the CMU operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the CMU operator. Interests in the Global Certificate will only be shown on, and transfers of interests will be effected through, records maintained by the CMU operator.

Payments, transfers, exchanges and other matters relating to interests in the Global Certificate may be subject to various policies and procedures adopted by the CMU operator from time to time. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective agents will have any responsibility or liability for any aspect of the CMU operator’s records relating to, or for payments made on account of, interests in the Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

Exchange for Definitive Certificates

The Global Certificate is exchangeable in whole or in part (free of charge to the holder) for the definitive certificates (1) if the Global Certificate is held on behalf of the CMU or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (2) if principal in respect of any Notes is not paid when due and payable.

Since the CMU operator can act only on behalf of the CMU participants, who in turn may act on behalf of persons who hold interests through them, or indirect participants, the ability of persons having interests in the Global Certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of definitive certificates.

Payment

While the Global Certificate representing the Notes is held by or on behalf of the CMU operator, payments of interest or principal will be made to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the CMU operator at the relevant time, as notified to the paying agent by the CMU operator in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the CMU operator. So long as the Notes are represented by the Global Certificate and such Global Certificate is held by or on behalf of the CMU operator, such payment by the Issuer will discharge the Issuer’s obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Each payment will be made to, or to the order of, the person whose name is entered on the Register or, for so long as the Global Certificate is held by or on behalf of the CMU operator, the person for whose account a relevant interest in the Global Certificate is credited as being held by the CMU at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the CMU operator, notices to holders of the Notes may be given by delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU operator on the second business day preceding the date of despatch of such notice as holding interests in the Global Certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day on which such notice is delivered to the persons shown in the relevant CMU instrument position report as aforesaid. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Cancellation

Cancellation of any Note by the Issuer following its redemption or purchase by the Issuer or any of its subsidiaries or the Guarantor will be effected by a reduction in the principal amount of the Global Certificate and in the register of holders of the Notes.

Trustee's Powers

In considering the interests of holders of the Notes while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Certificate is issued.

The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from this offering of the Notes, after deducting the rebate to private banks in connection with the offering, will be approximately RMB680 million. The Issuer has also agreed to pay to the Joint Lead Managers a combined management and underwriting commission in an amount as may be agreed in writing between the Issuer and the Joint Lead Managers. Such commission shall be deducted from the proceeds of the Notes.

The proceeds of the Notes will be deposited into an Escrow Account for the purposes of redeeming the 2012 Notes on the 2012 Notes Redemption Date. The Account Bank will apply all moneys standing to the credit of the Escrow Account to repay all amounts outstanding under the 2012 Notes and to the extent there are any excess moneys thereafter to transfer such excess to the Issuer for general corporate purposes. It is clarified that no part of the proceeds will be remitted into India for any purpose, including for any business carried on in India by the Issuer or the Guarantor.

INDUSTRY OVERVIEW

The information in the section below has been extracted or derived from publicly available information and/or various government sources. This information has not been independently verified by any of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective affiliates or advisors and none of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective affiliates or advisors makes any representation as to the accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon. The following information may not be consistent with other information compiled by parties in and outside India.

Unless otherwise indicated, all financial and statistical data relating to the Indian economy in this section have been the extracted from Indian Government bodies and publications, including: Twelfth Five Year Plan, (2012-2017), Volume 1; Economic Survey 2014–15, Ministry of Finance; Planning Commission; National Highways Authority of India; Guidelines for Investment in Road Sector, Ministry of Road Transport and Highways; and the Ministry of Urban Development.

Overview of the Indian Economy

India's economy is the tenth largest in the world in terms of nominal GDP and the third largest by purchasing power parity, according to the World Bank (2013). India's nominal GDP has grown at an average rate of approximately 6.5 per cent. per year from fiscal years 2008 to 2013, led by increased domestic consumption, infrastructure spending and capital expenditure by corporations. According to the IMF, India's GDP is expected to grow at an average annual rate of 6.5 per cent. from fiscal years 2014 to 2018.

Infrastructure Development in India

The Indian economy is managed by the Government of India through five-year plans that set forth economic development targets in various sectors, including infrastructure. The Twelfth Five-Year Plan (for fiscal years 2012 to 2017) (the "**Twelfth Plan**"), which is currently under implementation, emphasises a broad-based and inclusive approach to economic growth. There is consensus that India's full development potential is constrained by inadequate infrastructure. To overcome these constraints, a programme of infrastructure investment, involving both the public and private sectors, has been developed. The Eleventh Five-Year Plan (the "**Eleventh Plan**") succeeded in raising investment in infrastructure from 5.04 per cent. of GDP in the Tenth Five-Year Plan to 7.2 per cent. of GDP in the Eleventh Plan. The Twelfth Plan aims to raise it further to 9 per cent. of GDP by 2016–17.

Projected investment in infrastructure during the Twelfth Plan: Fiscal years 2012 to 2017

	2012	2013	2014	2015	2016	2017	Total
GDP (Rs. crores, FY07 prices) . .	6,314,265	6,882,549	7,501,978	8,177,156	8,193,100	9,715,280	41,190,063
Infrastructure Investment							
(% of GDP)	8.37%	9.00%	9.50%	9.90%	10.30%	10.70%	9.95%
Infrastructure Investment							
(Rs. crores, FY07 prices)	528,316	619,429	712,688	809,538	918,049	1,039,535	4,099,239
Infrastructure Investment							
(Rs. crores, current prices) . . .	721,781	888,572	1,073,470	1,280,315	1,524,526	1,812,581	6,579,463

Policy Initiatives to Promote Private Participation

The Secretariat for Infrastructure in the Planning Commission is involved in initiating policies that would ensure creation of world-class infrastructure delivering services matching international standards, developing structures that maximise the role of public-private partnerships ("**PPP**") and monitoring the progress of key infrastructure projects to ensure that established targets are realised. According to a World Bank report cited by the Twelfth Plan, India has been the top recipient of PPI activity since 2006 and has implemented 43 new projects which attracted total investment of US\$20.7 billion in 2011. India alone accounted for almost half of the investment in new PPI projects in developing countries implemented in the first half of 2011. India was the largest market for PPI in the developing world, and in the South Asian region, it attracted 98 per cent. of regional investment, implementing 43 of 44 new projects in the region.

A number of initiatives taken during the Eleventh Plan have resulted in a large number of PPP concessions in national highways and ports being awarded. In the airport sector, five green field airports including Navi Mumbai, Goa, Kannur, Chandigarh and Kota have been identified for development through PPPs. In the railway sector, concessions for the operation of container trains have been awarded to a number of competing entities.

Certain initiatives taken during the Eleventh Plan include:

- **Public Private Partnership Appraisal Committee (“PPPAC”).** The PPPAC was created with a view to streamlining and simplifying the appraisal and approval process for PPP projects. Its members include the Secretary, Department of Economic Affairs (its chairman) and the Secretaries of the Planning Commission, Department of Expenditure, Department of Legal Affairs and several relevant Administrative Departments. The Planning Commission and the PPPAC appraises and approves project proposals, respectively. As of 31 March 2013, the PPPAC had approved 338, projects involving an investment of Rs.282,951 crores.
- **Viability Gap Funding (“VGF”).** The VGF Scheme was introduced in 2006 to enhance the financial viability of competitively bid infrastructure projects which are justified by economic returns, but do not pass the standard thresholds of financial returns. Under this scheme, a financial assistance of up to 20 per cent. of capital costs of these projects is provided by the Central Government to PPP projects undertaken by any Central Ministry, State Government, statutory entity or local body, thus leveraging budgetary resources to access a larger pool of private capital. In the case of national highway projects, the entire VGF is provided by NHAI from the tax revenue transferred to it by the Government.
- **Infrastructure Debt Funds (“IDFs”).** The Planning Commission operationalised a scheme for technical assistance to project authorities by providing consultants for projects. The Ministry of Finance has created an India Infrastructure Project Development Fund to provide loans for meeting development expenses, including the cost of engaging consultants for PPP projects. The RBI and SEBI have implemented a regulatory framework governing IDFs.
- **India Infrastructure Finance Company Limited (“IIFCL”).** IIFCL was incorporated by the Ministry of Finance in consultation with the Planning Commission in 2006 for providing long-term loans for financing infrastructure projects that typically involve long gestation periods. IIFCL provides financial assistance up to 20 per cent. of project costs through both direct lending to project companies, and by refinancing banks and financial institutions. As of 31 March 2013, IIFCL had approved 300 projects with a total investment of Rs.3,52,047 crores, of which IIFCL lending is expected to total approximately Rs.51,887 crores, and had disbursed Rs.26,582 crores.
- **Engineering, Procurement, Construction (“EPC”) Contracts.** The conventional item-rate contracts are generally prone to time and cost overruns, particularly in the national highway sector, resulting in increased costs and considerable delays in project completion. The Planning Commission has published a model EPC contract for highways. It is expected that about 20,000 kms of two-lane national highways will be developed under this model. A similar document is also being prepared for the dedicated Indian Railway freight corridor.

The Road Sector in India

According to the NHAI, as of March 2015, India had the second largest road network in the world, totalling approximately 3.3 million kms, after the United States. Globally, it is second only to the United States. India’s road network is classified as national highways, state highways, major and district roads and rural roads. National highways, which comprise of about 1.9 per cent. of this network, carry around 40 per cent. of the total road-based traffic. The number of vehicles on roads has been growing at a pace of 10.16 per cent. per year for the last five years. In the road sector, construction of national highways by NHAI decreased by 33 per cent. during 2013–2014 compared to a growth rate of 26.5 per cent. from 2012–2013.

India’s road network, as of March 2015

	Length (kms)	Percentage of Total
Expressways	200	0.01%
National Highways	92,851.1	2.78%
State Highways	131,899	3.95%
Major District Roads	467,763	13.99%
Rural and other roads	2,650,000	79.28%
Total	3,342,713.10	100%

National Highways

The NHAI is the Government agency mandated to develop India’s national highways. NHAI was established by the National Highways Authority of India Act, 1988 to implement vital infrastructure projects, including

improvement, maintenance and augmentation of the existing national highways network and implementation of road safety measures and environmental management. NHAI also seeks the active involvement of the private sector in financing the construction, maintenance and operation of national highways and wayside amenities. Its primary mandate, though, is the timely and cost-efficient implementation of the largest highway project ever undertaken in India, NHDP, through a host of funding options including tax revenues, fuel cess, Government borrowings, investments from private participation and financing from external multilateral agencies like the World Bank and Asian Development Bank, among others.

NHDP Status as of 31 December 2014

NHDP Project	Total Length (kms)	Completed 4/6 lane (kms)	Under Implementation		Balance for award of civil works (kms)
			Number of contracts	Length (km)	
NHDP Phase I (GQ, port connectivity, others)	7,522*	7,519	3	1	—
NS-EW Corridors	6,647	5,836	441	45	370
NHDP Phase III	12,109	6,352	4,708	125	1,049
NHDP Phase IV*	20,000	907	7,759	114	11,334
NHDP Phase V	6,500	1,973	2,107	27	2,420
NHDP Phase VI	1,000	0	0	0	1,000
NHDP Phase VII	700	22	19	1	659

Note: * Two projects (24 km) for Chennai – Ennore port connectivity have been re-awarded. These two projects were merged with another project (6 kms) under Phase – I whereby total length increased by 24 kms.

Investment in India’s Road Sector

Road planning and financing in India has always been the responsibility of both the Central Government and State Governments, with the Central Government being responsible for the construction, operation and maintenance of the National Highways (“NHs”) and the State Government for all the other type of roads such as State Highways (“SHs”) and Major District Roads (“MDRs”), except certain special categories of roads. Investment in rural roads is sourced from the Pradhan Mantri Gram Sadak Yojana (“PMGSY”) under Bharat Nirman, which is a centrally sponsored scheme. The Government meets the entire funding of the construction cost of rural roads under PMGSY while the implementation responsibility lies with the respective State Governments.

Government encouragement for increased participation of the Private Sector

The road sector in India has changed significantly in recent years. Previously, when road construction was primarily the responsibility of governments, roads were financed out of budgetary allocation and governments were exclusively responsible for their construction and maintenance. However, in recent years, some road constructions have been privatised in India. As a result, the quality of roads has improved significantly. The focus of the governments, the technology in use, the number of participants from the private sector and the quality of roads being built are all indicative of a qualitative transformation in this sector.

As the sector requires huge investments, organising finance for the same remains an issue. With innovative financing structures, India has tried to rope in banks, financial institutions, trusts and private players for funding all major road projects through NHDP. The Government of India has taken several policy initiatives for the sector’s development and for attracting private investment. In particular, states have in some cases taken measures to enhance the financial attractiveness of private toll expressway projects by providing additional incentives to investors. For example, the Government of Uttar Pradesh has offered real estate development as part of private road development concessions in order to provide an additional revenue stream to supplement toll revenue from the expressway.

Expressway Development under Public Private Partnership in Uttar Pradesh

Uttar Pradesh, a part of which is included in the National Capital Region (“NCR”), is the most populous state with a population of 190 million according to the 2011 census by the Government, which is expected to reach 234 million by 2021. Uttar Pradesh is also ranked as the fifth largest state in terms of area. Both the Government of Uttar Pradesh and the Indian Government have undertaken various road infrastructure projects to support and facilitate the growth of the NCR including, among others, the development of NH 8, NH 26, the Delhi-Noida-Delhi Flyover and the Gautam Budh Expressway (Noida-Greater Expressway).

The Government of Uttar Pradesh has instituted well-defined guidelines to promote public-private partnerships in various infrastructure sectors and has identified expressway projects across the state to bring high quality

connectivity to various parts of the state. These projects have been, or are expected to be, awarded on a BOT basis with concessions to collect toll revenues for a specified period of time. In order to improve the financial viability of the projects, the Government of Uttar Pradesh has, or is expected to allot land parcels along the expressway to the developer at the Government of Uttar Pradesh's acquisition cost which can be used by the developer for real estate development.

Identified expressway projects—Uttar Pradesh

<u>Project</u>	<u>Description</u>
Ganga Expressway	1,047 kms eight-lane access-controlled highway from Greater Noida to Ballia
Sanauta Bridge—Purkazi Expressway (Upper Ganga Canal Expressway)	The approximate length of Upper Ganga Canal Expressway (8 lanes) will be 147.8 kms, while the length of Link Expressway (6 lanes) will be approximately 68.5 kms. A two lane service road of approximately 97.3 kms will be constructed
Agra Kanpur Expressway	Eight lane access controlled highway along the bank of river Yamuna connecting Agra and Kanpur
Jhansi—Kanpur—Lucknow—Gorakhpur—Kushi Nagar Expressway	Eight lane access controlled highway along the bank of river Betwa and Ghagra connecting the state's southern and eastern boundaries
Lucknow—Barabanki—Nanpara link Expressway	Eight-lane access-controlled highway
Bijnore—Moradabad—Fategarh Expressway	Eight-lane access-controlled highway along the bank of river Ram Ganga
Narora—Uttarakhand border Expressway	From Narora in western part of the state to 10 kms from Uttarakhand border
Agra—Lucknow Expressway	Agra to Lucknow Access Controlled Expressway (green field) project for PPP development

Government Policy Initiatives

With the election of a new Government, the road sector is expected to benefit from the removal of regulatory and other factors that have negatively impacted its development. While over the last two years, several measures had been taken by the Government to revive interest of private sector towards road projects, the ground impact of these have not been very significant thus far. The new Government has also taken steps to improve the regulatory process, such as increasing the role of Cabinet Committee on Economic Affairs to enable it to closely track infrastructure projects and help in expedite execution. The Government has also launched mechanism for submitting online environment and forest clearances.

Set forth below is a summary of some of the key initiatives taken by the Government of India to promote the development of road projects:

- Allowing 100 per cent. FDI under the automatic route in all road development projects.
- 100 per cent. income tax exemption for a period of 10 years.
- Investors in identified highway projects permitted to recover investment by way of collection of tolls for specified sections and periods.
- The Government has also announced an increase from US\$100 million to US\$500 million in the overseas borrowing amount for the infrastructure sectors.
- NHAI/Government of India to provide capital grant up to 40 per cent. of project cost to enhance viability on a case to case basis.
- 100 per cent. tax exemption in any 10 consecutive years within a period of 20 years after completion of construction provided the project involves addition of new lanes.
- Agreements to avoid double taxation with a large number of countries.
- Concession period allowed up to 30 years.

- Right to charge tolls on certain (toll) projects. These tolls are indexed to a formula linked with the wholesale price index.
- Duty free import of specified modern high capacity equipment for highway construction.
- Government support for land acquisition, resettlement and rehabilitation.
- IIFCL to provide funding of up to 20 per cent. of project cost.

The Union Budget 2015–2016 has proposed investments of approximately Rs.885 billion for road projects (a 75 per cent. increase from 2015) and approximately Rs.400 billion for rail projects (a 33 per cent. increase from fiscal year 2015). The following is a list of certain key initiatives proposed under the Union Budget 2015–2016:

- Establishment of a National Investment and Infrastructure Fund, with an annual budget of Rs.20,000 crores, to encourage private investment.
- Proposed tax-free infrastructure bonds for road and rail projects.
- Revitalisation of the PPP mode of infrastructure development.

Railways

The Indian Railways (“**IR**”) is a critical component of India’s transport network. With a total route network of about 64,600 kms, spread across 7,146 stations, IR holds the distinction of being the world’s second largest rail network under a single management and the principal mode of transportation for bulk freight and long distance passenger traffic. It operates more than 19,000 trains every day.

Freight loading (excluding loading by Konkan Railways) by Indian Railways during 2012-13 increased to 1,008.09 MMT, against 969.05 MMT in 2011-12, registering an increase of 4.03 per cent. During 2013-14, IR carried 1,050.18 MMT of revenue-earning freight traffic, as against a revised target of 1,052 MMT. The freight carried shows an increase of 42.09 MMT over the freight traffic of 2012-13, translating into an increase of 4.18 per cent.

Private Investment in Railways

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry has, pursuant to press note 8 (2014 series), permitted FDI in railway operations for which private sector participation is allowed, namely the construction, operation and maintenance of (i) suburban corridor projects through PPP, (ii) high speed train projects, (iii) dedicated freight lines, (iv) rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) railway electrification, (vi) signalling systems, (vii) freight terminals, (viii) passenger terminals, (ix) infrastructure in industrial parks pertaining to railway line/sidings, including electrified railway lines and connectivity to main railway lines, and (x) mass rapid transport systems. FDI has been permitted up to 100 per cent., through the automatic route, subject to sectoral guidelines of the Ministry of Railways.

Earlier this year, based on a recommendation for enhancing investment in railways through creative financing, a report was prepared by a committee (the “**Committee**”) chaired by Shri B.K. Chaturvedi, Member, Planning Commission, and including experts and representatives from the Railway Board, Planning Commission, Ministry of Finance and the private sector. Key initiatives recommended for increased private participation in railway projects include:

- **Redevelopment of railway stations** — The Twelfth Plan has proposed redevelopment of 50 railway stations to world-class standards through PPPs. A model concession agreement for redevelopment of railways stations is already available. The proposed model involves selection of a private concessionaire through a transparent and competitive bidding process. A concession period of about 40-50 years would be provided to enable the concessionaire to recover its investment with a reasonable rate of return. It has been recommended that projects for about Rs.40,000 crores be awarded by the Railways during the next two years with a view to attracting private investment of about Rs.40,000 crores.
- **Construction of new lines and gauge conversion** — For the construction of new lines and gauge conversion, a PPP (DBFOT) model has been recommended. This could also apply to port connectivity projects. This DBFOT model can be used to finance, build and maintain railway projects with an internal rate of return (IRR) of more than 5 per cent., which can be made viable by providing VGF. It has been recommended that the Ministry of Railways should award railway line and gauge conversion projects for at least Rs.50,000 crores during the next three years.
- **Dedicated Freight Corridors** — Two freight corridors namely, East-coast corridor and Southern corridor, may be bid out on PPP mode, and be constructed on a DBFOT basis. It has been recommended that up to 20 per cent. of the project cost could be available as viability gap support from the on-going VGF scheme while the

balance VGF of up to 20 per cent. would have to be provided by the IR, subject to a feasibility report which would have to be prepared in line with the recommendations. It has been recommended that the Ministry of Railways should award projects for at least Rs.25,000 crores during the next three years, in addition to the investment of Rs.10,000 crores proposed in the Twelfth Plan for Sonnagar-Dankuni section of the Eastern Corridor.

- **Locomotives and Electrical Multiple Units (“EMUs”)** — Creation of capacity for production, supply and maintenance of locomotives and EMUs should be undertaken by IR through a transparently selected private entity. Investments should be made by the supplier and an assured output is to be absorbed by IR. It has been recommended that the Ministry of Railways should enable investment of Rs.5,000 crores during the next three years.
- **Power Generation** — The Committee was of the view that IR should set up captive power plants on the basis of the standard bidding documents of the Ministry of Power to generate power on a PPP basis, which would ensure long term availability of power at competitive rates, much lower than the tariffs currently charged by the distribution companies. It has been estimated that creation of generation capacity through this process can generate about 2,000 MW at an investment of Rs.10,000 crores.
- **Construction of new lines through PPP (Annuity) projects** — The PPP (Annuity) model has been recommended for construction of railway lines where the IRR is below 5 per cent. Under this model, the private sector partner would be selected through transparent and competitive bidding to design, build, finance and maintain the project for a period of 10 years on the basis of minimum annuity demanded by the concessionaire. IR would pay 50 per cent. of the capital cost during the construction period and the balance in the form of annuity over a 10 year period. A part of the revenue would finance the annuity payments while the balance annuity payments would have to be financed through budgetary support and internal generation. It has also been recommended that such projects be undertaken by IR only if 50 per cent. of the construction cost is financed by other entities such as the state Governments, Coal India Limited (“CIL”), Steel Authority of India Limited or other bulk consumers while the annuity payments shall be made by IR. It has been clarified that the operation and maintenance of these lines would be undertaken by the private entity, while the rail operations would be undertaken by IR. It has been recommended that IR may take up projects for Rs.50,000 crores during the next three years.
- **Private Trains** — Operation of private inter-city trains, broadly on the lines of private container trains already in operation, has been recommended. The entire capital and operational expenditure would be borne by the private operators, who would conform to the specifications and standards laid down by IR. IR would provide pre-determined paths on the same lines as applicable to their own inter-city fast trains. The track-charges may be specified upfront and private operators may be selected on the basis of competitive bidding based on revenue sharing basis. IR may also permit operation of freight electric multiple units, comprising three coaches each. An investment of Rs.5,000 crores may be mobilized through private trains and freight electric multiple units.

Apart from the projects identified above, the Twelfth Plan proposes to generate resources equivalent to Rs.3,480 crores from PPP in other projects. These include logistic parks, private freight terminals and freight schemes, Mumbai Elevated Rail Corridor and port connectivity.

Government Initiatives

Set forth below is a summary of some of the key initiatives taken by the Government of India to promote the development of railway projects:

- ‘Adarsh stations scheme’ was introduced in 2009. Adarsh stations are provided with basic facilities such as drinking water, functioning toilets, catering services, waiting rooms and dormitories, and better signage. A total of 976 stations have been identified for development as Adarsh stations, of which 616 have so far been developed.
- Seven corridors were identified for conducting pre-feasibility studies for running high-speed trains at speeds above 350 kmph, to be set up through PPP route.
- Major projects of railways such as the two Loco Manufacturing Projects, Elevated Rail Corridor, the Dedicated Freight Corridor and station overhaul to be meticulously monitored for award from 2013.
- The Eastern and Western Dedicated Freight Corridors (“DFC”) are a mega rail transport project being undertaken by the Ministry of Railways to increase transportation capacity, reduce unit costs of transportation, and improve service quality. Of the 1,839 km of the Eastern DFC, which extends from Dankuni near Kolkata to Ludhiana in Punjab, the World Bank is funding 1,183 km from Ludhiana to Mughalsarai, in three phases.

Approximately 96 per cent. of the land required for the project, excluding the Sonnagar-Dankuni section to be implemented under PPP, has been acquired, and land compensation award of Rs.6,110 crores, has been declared as per provisions of the Railway Amendment Act, 2008.

During 2013-14, IR has initiated a number of measures in the following areas:

- **Linking Kashmir Valley with the Jammu region:** The Pir Panjal tunnel, the longest tunnel in India, was opened successfully, establishing a railway link between Kashmir valley and the Jammu region, in June 2013.
- **IR entered the one billion tonne select club:** By achieving an originating freight loading of 1,008.09 MMT in 2012-13, IR entered the one billion tonne select club, joining the Chinese, Russian, and United States railways. Under the freight-loading strategy adopted by IR, special focus has been given to enhancing evacuation of coal from CIL sources.
- **High Speed Rail Corporation of India Limited set up:** The High Speed Rail Corporation of India (“HSRC”) was launched as a subsidiary of Rail Vikas Nigam Limited. The HSRC has been set up to develop the high speed rail corridors in India in order to run passenger trains at speeds up to 350 kmph. It will undertake project activities such as preparation of project-related studies, preparation of technical standards for the Mumbai-Ahmedabad corridor and any other corridor decided by the government, and provide support to the government in finalising the financial and implementation models. A business development study for the Mumbai-Ahmedabad high speed corridor has been undertaken by French Railways. The study is likely to be completed in 2014. A joint feasibility study for the Mumbai-Ahmedabad high speed corridor co-financed by IR and the Japan International Cooperation Agency was also initiated in December 2013 and is likely to be completed in about 18 months.
- **Facilitating the visually impaired:** As a part of its social commitment to make IR more passenger-friendly for differently abled passengers, IR decided to provide Braille stickers in coaches to facilitate visually impaired passengers. It is planned to use stickers with metallic base, with printed characters embedded on to the base. The Integral Coach Factory, a production unit of IR, has developed the specification for integrated Braille signages in coaches, in consultation with various blind associations, and inputs received from the Research Design and Standards Organisation.
- **Safety for women:** In order to enhance the safety and security of women under the Nirbhaya Fund Scheme set up by the Ministry of Finance, the Ministry of Railways has proposed a pilot scheme for setting up an alert system in trains in select zones. The work was awarded to the Centre for Railway Information Systems in October 2013, with a completion period of 13 months, for conducting pilot projects in Central and Western Railways.
- **World’s First Ever 5500 HP Locomotive as a Pilot Project:** IR has produced the world’s first prototype 5500 HP diesel locomotive (“WDG5”), developed by Diesel Locomotive Works, Varanasi, a production unit of IR. The locomotive will be able to achieve 100 kmph speed on level track, with higher axle load. The 5500 HP WDG5 is primarily aimed at improving the throughput with higher balancing speeds, and is already running as a pilot project in North Central Railways.
- **Green Initiatives:** (i) The Ministry of Railways and Rail India Technical and Economic Service Limited have formed the Railway Energy Management Company (“REMC”), a JV with a shareholding pattern of 49 per cent. and 51 per cent., respectively, for undertaking IR projects related to harnessing green energy like solar and windmill power plants, power-trading activities, transmission lines and power evacuation planning, energy conservation initiatives, efficient coordination in power generation through captive power plant, and energy audits. The REMC will also facilitate faster execution of renewable energy and energy conservation works, with the aim of generating green power and reducing the energy bill of IR. The REMC has become functional and is working on setting up windmill and solar power plants, with about 40 per cent. subsidy from the Ministry of New and Renewable Energy. To begin with, 200 railway stations, rooftops of 26 buildings, and 2,000 level crossing gates will be covered.

Urban Infrastructure

In urban transport, private sector can provide more efficient transport services, construct and maintain modern bus terminals with commercial complexes, over bridges, city roads and so on. PPP initiatives are also being undertaken to develop metro rail and rapid transport systems in Indian cities.

The Delhi metro phase-II which included extension of metro line to NOIDA, Gurgaon and Ghaziabad has been successfully completed under the Eleventh Plan. Metro rail projects in Bangalore, Chennai and Kolkata involving an investment of Rs.31,084 crore are under implementation as projects under Government sector and projects in

Hyderabad and Mumbai involving investment of more than Rs.22,000 crore are being developed on PPP basis. To improve mobility in the NCR region, phase-III of Delhi metro, involving an expenditure of Rs.35,242 crore and extension of Delhi metro network to Faridabad at cost of Rs.2,949 crore have also been sanctioned and are under implementation.

The Hyderabad metro rail project is presently under construction with a total project cost of Rs.12,132 crore. The project is spread over three high density traffic corridors of Hyderabad with a total length of 71 km and is being developed on DBFOT mode. This is the single largest private investment in a PPP project in India, having been awarded to the successful bidder for a VGF of Rs.1,458 crore and the remaining investment to be made by the private sector concessionaire. It is also one of the largest metro rail projects built and operated by a private entity anywhere in the world. The concession has been awarded on the basis of the model concession agreement for urban transit developed by the Planning Commission

The 'Working Group on Urban Transport' has identified 10 goals for the Twelfth Plan in line with the National Urban Transport Policy-2006 (NUTP-2006), which, *inter alia*, include augmentation of public transport by:

- Introducing organised city bus service according to urban bus specifications issued by Ministry of Urban Development in all 2 lakh+ cities and state capitals.
- Adding bus rapid transit systems at 20 kms per million people in 51 cities with population of over 1 million.
- Adding rail transit at 10 kms per million people and planning such projects in cities with population of over two million; starting construction in cities with population of over 3 million. The estimated financial progress during the Twelfth Plan is envisaged at 25 per cent. of the total cost.
- Expanding rail transit in existing mega cities, at 10 km per year, that is 50 kms per year in the Twelfth Plan.
- Providing Suburban rail services in urban agglomerations with population of over 4 million.
- Improving and upgrading intermediate public transport vehicles.
- It has also been estimated that investment requirement in public transport, including metro rail and commuter/regional rail is Rs.1,307,260 million and Rs.197,800 million, respectively.

THE ISSUER

ITNL Offshore Two Pte. Ltd. (the “**Issuer**”) was incorporated in Singapore as a private limited company on 9 February 2015. The Issuer is a 100 per cent. subsidiary of IL&FS Transportation Networks Limited (the “**Guarantor**”).

The Issuer has been incorporated for the purpose of issuing the Notes and carrying out related functions.

THE GUARANTOR

IL&FS Transportation Networks Limited (the “**Guarantor**”) was incorporated under the Indian Companies Act, 1956 on 29 November 2000 in Mumbai as Consolidated Toll Network India Private Limited and the name of Guarantor was changed to IL&FS Transportation Networks Limited pursuant to a special resolution of the shareholders of the Guarantor dated 29 September 2005.

The Guarantor is a leading surface transportation infrastructure company and one of the largest private sector Build, Operate and Transfer (“**BOT**”) road operators in India. The Guarantor is a developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualisation through commissioning to operations and maintenance. In addition to developing a diverse project portfolio in the BOT road segment, the Guarantor is engaged in certain non-road segments such as mass rapid transport systems, urban transportation infrastructure systems, multi-level parking systems and border check-posts systems. The Guarantor’s international operations are conducted primarily through its wholly owned subsidiary ITNL International Pte. Ltd (“**ITNL International**”), incorporated in the Republic of Singapore and its other subsidiaries, mainly in the road segment and spread across China, Spain, Portugal, Latin America, UAE, Botswana and Kenya.

The Guarantor is involved in the development, operation and maintenance of national and state highways, roads (including urban roads) and tunnels in the states of Andhra Pradesh, Assam, Delhi, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Telangana, Uttar Pradesh and West Bengal. The Guarantor’s pan-India presence in the road segment is marked by its interests in a diverse project portfolio of 27 road projects of approximately 12,838 Lane kms, comprising of a mix of annuity and toll based projects.

The Guarantor is also selectively focusing on other non-road segments such as mass rapid transport systems, urban transportation infrastructure systems, multi-level parking systems and border check-posts systems. The Guarantor has developed and is operating the 4.9 kms track of elevated metro rail link project in Gurgaon and has been awarded the extension of an additional 7 kms track to this, which is being developed as the Gurgaon Metro Rail South Extension, Haryana. The Guarantor is maintaining and operating the Nagpur city bus services on a BOT basis. Further, it has been mandated to develop 24 border check posts in Madhya Pradesh out of which 11 check posts are currently operational. It is also developing an integrated multi-level automatic car parking facility at Khilwat, Hyderabad on a BOT basis. Additionally, it is developing a greenfield stadium at Karyavattom, Kerala.

The acquisition of Elsamex in 2008 has facilitated the Guarantor’s entry into international markets such as Spain, Portugal and Latin America in addition to complementing its BOT road operations. Elsamex’s primary business is the maintenance and rehabilitation of roads, buildings and gas stations, primarily in Spain, with additional operations in Portugal in Europe, Botswana in Africa, Colombia in South America and Mexico in North America. The Guarantor has recently, through Elsamex, been awarded 12 contracts for maintenance of certain stretches of roads in Oporto and Lisbon in Portugal and a joint venture with Elsamex has recently been awarded two procurement contracts under the output and performance based road contract system in Botswana. Elsamex is undertaking maintenance of the Abu Dhabi Al Ain Highway, the key highway stretch between Abu Dhabi and Al Ain and has also been awarded the contract for the upgrading works and maintenance of Ocaña Sardinata road in Columbia. Pursuant to the Guarantor’s acquisition of 49 per cent. stake of Chongqing Yuhe Expressway Company Limited through its subsidiary, ITNL International Pte Limited in December 2011, the Guarantor has further strengthened its international presence and is undertaking the operations, management and maintenance of Yu He Expressway consisting of four-lane dual carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China, aggregating approximately 235 Lane kms.

The Guarantor’s revenue from operations primarily comprises income from services, toll revenues, finance income and construction income. For the financial years ended 2012, 2013 and 2014 and the nine month period ended 31 December 2014, the Guarantor reported revenue from operations, on a consolidated basis, of Rs.56,056.21 million (US\$1,169.24 million), Rs.66,448.38 million (US\$1,221.25 million), Rs.65,869.90 million (US\$1,088.76 million) and Rs.50,174.90 million (US\$825.52 million), respectively. For the financial years ended 2012, 2013 and 2014 and the nine month period ended 31 December 2014, the Guarantor reported profit, on a consolidated basis, of Rs.4,969.58 million (US\$103.64 million), Rs.5,202.11 million (US\$95.61 million), Rs.4,630.48 million (US\$76.54 million) and Rs. 3,657.56 million (US\$60.18 million), respectively.

The Guarantor believes it benefits significantly from its affiliation with IL&FS, which has an established track record in promoting and financing a range of public infrastructure projects in India for over 25 years. IL&FS was incorporated in 1987 and its major shareholders include Life Insurance Corporation of India (25 per cent.), Central Bank of India (8 per cent.), State Bank of India (6 per cent.), Housing Development Finance Corporation

Limited (9 per cent.), Abu Dhabi Investment Authority (13 per cent.) and Orix Corporation of Japan (23 per cent.).

The Guarantor's internet website address is <http://www.itnlindia.com/>. Information on the Guarantor's website is not incorporated into and should not be considered a part of this document.

The Guarantor's registered office is at The IL&FS Financial Centre, Plot No. C 22, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051, India.

For a description of the business and general affairs of the Guarantor, see "*Business Description*".

BUSINESS DESCRIPTION

In this Offering Circular, references to “Guarantor” are to IL&FS Transportation Networks Limited and references to “Group” are to IL&FS Transportation Networks Limited with its subsidiaries on a consolidated basis, unless specified otherwise or as the context requires. References to a particular “fiscal” year are to the Guarantor’s fiscal year ended 31 March of such year. See “Presentation of Financial Information”.

Overview

The Guarantor is a leading surface transportation infrastructure company and one of the largest private sector BOT road operators in India (*Source: August 2014 ICRA Report on Indian Road Sector*). The Guarantor is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited under the ticker symbol ILFT.IN. The Guarantor is a developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualisation through commissioning to operations and maintenance. In addition to developing a diverse project portfolio in the BOT road segment, the Guarantor is engaged in certain non-road segments such as mass rapid transport systems, urban transportation infrastructure systems, multi-level parking systems and border check-posts systems. The Guarantor’s international operations are conducted primarily through its wholly owned subsidiary ITNL International Pte. Ltd. (“**ITNL International**”) incorporated in the Republic of Singapore and its other subsidiaries in the road segment and spread across China, Spain, Portugal, Latin America, UAE, Botswana and Kenya.

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The Guarantor’s revenue from operations primarily comprises income from services, toll revenues, finance income and construction income. For the fiscal years ended 2012, 2013 and 2014 and the nine months ended 31 December 2014, the Guarantor reported revenue from operations, on a consolidated basis, of Rs.56,056.21 million (US\$1,169.24 million), Rs.66,448.38 million (US\$1,221.25 million), Rs.65,869.90 million (US\$1,088.76 million) and Rs.50,174.90 million (US\$825.52 million), respectively. For the fiscal years ended 2012, 2013 and 2014 and the nine months ended 31 December 2014, the Guarantor reported profit, on a consolidated basis, of Rs.4,969.58 million (US\$103.64 million), Rs.5,202.11 million (US\$95.61 million), Rs.4,630.48 million (US\$76.54 million) and Rs.3,657.56 million (US\$60.18 million), respectively.

The Guarantor believes it benefits significantly from its affiliation with IL&FS, which has an established track record in promoting and financing a range of public infrastructure projects in India for over 25 years. IL&FS was

incorporated in 1987 and its major shareholders include Life Insurance Corporation of India (25 per cent.), Central Bank of India (8 per cent.), State Bank of India (6 per cent.), Housing Development Finance Corporation Limited (9 per cent.), Abu Dhabi Investment Authority (13 per cent.) and Orix Corporation of Japan (23 per cent.). IL&FS's shareholders also include state owned banks/financial institutions (39 per cent.) and a UAE state sovereign fund (13 per cent.). IL&FS has been rated A1+ and AAA by India Rating, ICRA and CARE in India.

The Guarantor was incorporated under the Companies Act, 1956 on 29 November 2000 at Mumbai as Consolidated Toll Network India Private Limited and the name of Guarantor was changed to IL&FS Transportation Networks Limited pursuant to a special resolution of the shareholders of Guarantor dated 29 September 2005.

Awards and recognition

The Guarantor is an ISO 9001:2008 company and has received several awards and accolades in the past few years. It has recently been awarded a Safety Award in 2014 and also recognised as the "Most Admired Infrastructure Company in Transport" at the 5th KPMG Infrastructure Today Awards 2013, and as the "PPP Company of the year" at the ACQ Global Awards 2012. It has received an award for "Outstanding contribution in Roads and Highways (Infrastructure Category)" at the EPC World Awards 2012 and has also been awarded the "Infrastructure Company of the Year—2011" at the Essar Steel Infrastructure Excellence Awards Ceremony 2011 in association with CNBC TV18. Further, it was chosen for "The Infrastructure Excellence Award" awarded by IIFCL & ET Now at Infra 2011 and also received the "Innovation Award for Road Transport in Developing Countries" in the category of finance and economics by the International Roads Federation, Geneva in 2011 at an IRF symposium in Bucharest, Romania.

The Guarantor's occupational health and safety management system has been certified as in compliance with OHSAS 18001:2007 standards; it was awarded a "Special Commendation" for the Golden Peacock Occupational Health and Safety Award in 2012 and was also adjudged as the winner for the same in 2014 in the construction (infrastructure) sector. The Guarantor's material testing laboratory in Ahmedabad, Gujarat and quality management system have been certified under ISO 9001:2008, and its environmental management system has been certified under ISO 14001:2004.

Recent Developments

Following a meeting held on 22 July 2014, the Board of the Guarantor approved a further issue of equity shares of the Guarantor for an amount not exceeding Rs.10,000 million by way of qualified institutional placement or issue of convertible bonds to the eligible investors in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The timing, pricing and quantum of equity shares to be issued shall be decided by a committee of the Board mandated for this purpose. The required approval of the shareholders of the Guarantor and other regulatory approvals for this proposed issue have been received.

IL&FS

The Guarantor's promoter, IL&FS, believes that it is a pioneer in the infrastructure development sector. It has over 25 years of experience across a range of sectors, including transportation, area development, cluster development, finance, power, ports, water and waste management, urban infrastructure and environment and education. IL&FS offers a full range of financial, project development and management services including investment banking, project financing, project development, management and implementation, asset management, corporate advisory and back office services through its many group companies. It also focuses on projects which are beneficial to the country at large, such as, development of roads, bridges, power, ports and water supply, which are commercially viable and work on structural/financial solutions to enhance project viability.

IL&FS's key ventures include the following:

- ***Gujarat International Finance Tec-city***: India's first international finance city is being developed by Gujarat Urban Development Co. Ltd on behalf of the State Government of Gujarat and IL&FS. This project includes a multi-service special economic zone and an International Finance Services Centre.
- ***Road Infrastructure Development Company of Rajasthan Ltd***: a joint venture between the State Government of Rajasthan and IL&FS for the improvement of 3,071 Lane kms of roads.
- ***Karyavattom international stadium***: development of a multi-purpose greenfield stadium on DBOT basis (Annuity) has been undertaken on a PPP basis, collectively by National Games Secretariat, the State Government of Kerala and IL&FS.

- **ONGC Tripura Power Company Ltd:** a joint venture between Oil and Natural Gas Corporation Limited, the State Government of Tripura and IL&FS for the development of a gas fired power project with a capacity of 726.6 MW in the state of Tripura.
- **Tripura water supply and sewerage project:** Tamil Nadu Water Investment Company Limited, a company promoted by IL&FS and the State Government of Tamil Nadu, along with Tirupur Exporters Association, have set up “New Tirupur Area Development Corporation Ltd”, an SPV for the development and implementation of the Tirupur Water Supply and Sewerage Project. The scope of the project includes construction of facilities to extract, treat and supply 185 million litres of water per day from the river Cauvery and water supply to industries and domestic consumers in and around Tirupur. The project also includes construction of a sewerage system for Tirupur municipality and onsite sanitation facilities.
- **Jharkhand Accelerated Road Development Company Ltd:** a joint venture between the State Government of Jharkhand and IL&FS for the development of 1,019 Lane kms of roads, out of which 663 Lane kms is under operation.
- **Rajasthan solar parks:** the State Government of Rajasthan and IL&FS Energy Development Co Ltd entered into a memorandum of understanding in October 2014 for development of solar parks with a 5,000 MW capacity.
- **Pooled municipal debt obligation facility:** IL&FS Financial Services Limited, along with 15 other lenders have pooled together a line of credit facility for an aggregate sum of Rs.50 billion. The initiative, formally launched as “PMDO Facility” in 2006, aims to create credit worthiness and bank-ability for urban infrastructure projects. This facility is managed by IL&FS Urban Infrastructure Managers Limited, which manages the project by conducting project appraisals, project monitoring during construction and operations phase.
- **K-Yan:** IL&FS Education & Technology Services Limited, a subsidiary of IL&FS, has been working in collaboration with IIT Bombay, in line with the Government of India’s ‘ICT at School’ scheme in order to enable an interactive learning system in English and regional languages. K-Yan is a portable integrated multimedia electronic device built on convergence technology for the use by the community in areas of education, shared learning, community awareness, promotional and publicity campaigns, public governance, entertainment, internet, broadcast access.
- **IL&FS Investment Managers:** IL&FS Investment Managers Limited is one of the oldest and largest private equity fund managers in India with over US\$3.2 billion of funds under management with various sectors, such as, private equity, real estate and infrastructure.
- **IL&FS cluster development:** IL&FS has undertaken the development of industrial clusters in the sector of textiles, pharmaceutical, leather, engineering, agriculture/food and crafts, across India to address infrastructure issues for SMEs in the country.

IL&FS is also one of India’s largest companies specialising in education and training. It has a network of 38 IL&FS Institute of Skills and over 250 IL&FS Skills Schools with programmes in over 15 high employment sectors including manufacturing, engineering and construction and services.

Operating Companies

The following table provides details of the entities through which the Guarantor undertakes significant operations.

<u>Name of the Company</u>	<u>Direct/Indirect % shareholding (As on 31 December 2014)</u>	<u>Beneficial % shareholding* (As on 31 December 2014)</u>
Andhra Pradesh Expressway Limited	86.74	13.26
Baleshwar Kharagpur Expressway Limited	100.00	—
Barwa Adda Expressway Limited	100.00	—
Charminar RoboPark Limited	89.20	
Chenani Nashri Tunnelway Limited	100.00	
Chongqing Yuhe Expressway Company Limited	49.00	—
East Hyderabad Expressway Limited	74.00	—
Elsamex S.A. (Spain)	100.00	
Gujarat Road and Infrastructure Company Limited	41.81	—
Hazaribagh Ranchi Expressway Limited	74.00	—
ITNL Road Infrastructure Development Company Limited	100.00	—
Jharkhand Road Projects Implementation Company Limited	93.43	6.57
Jorabat Shillong Expressway Limited	50.00	—
Karyavattom Sports Facilities Limited	100.00	
Khed Sinnar Expressway Limited	100.00	—
Kiratpur Ner Chowk Expressway Limited	100.00	—
Moradabad Bareilly Expressway Limited	100.00	—
MP Border Checkpost Development Company Limited	74.00	—
N.A.M. Expressway Limited	50.00	
NOIDA Toll Bridge Company Limited	25.35	
North Karnataka Expressway Limited	93.50	6.50
Pune Sholapur Road Development Company Limited	90.91	—
Ramky Elsamex Hyderabad Ring Road Limited	26.00	—
Rapid MetroRail Gurgaon Limited	85.27	
Rapid MetroRail Gurgaon South Limited	85.27	
Road Infrastructure Development Company of Rajasthan Limited	—	50.00
Sikar Bikaner Highway Limited	100.00	
Srinagar Sonmarg Tunnelway Limited	49.00	—
Thiruvananthapuram Road Development Company Limited	50.00	—
Vansh Nimay Infraprojects Limited	90.00	—
Warora Chandrapur Ballarpur Toll Road Limited	35.00	—
West Gujarat Expressway Limited	74.00	—

* The Guarantor's beneficial interest represents its economic interest in the shares through call option agreements or covered warrants. It does not have voting or investment control over these shares.

Presence in the Road Segment in India

The following table provides a snapshot of the Guarantor's presence in the road segment.

<u>Project Description</u>	<u>Commercial Format</u>	<u>Length (in Lane kms)</u>	<u>Main Revenue Source</u>
PROJECTS UNDER OPERATION			
North Karnataka Expressway Limited Maharashtra Border to Belgaum, Karnataka	BOT	472.01	Annuity
Gujarat Road and Infrastructure Company Limited Vadodara to Halol and Ahmedabad to Mehsana, Gujarat	BOOT	522.80	Toll
NOIDA Toll Bridge Company Limited Delhi to NOIDA, Uttar Pradesh	BOT	60.00	Toll
West Gujarat Expressway Limited* Jetpur to Rajkot, Gujarat	BOT	389.33	Toll
Road Infrastructure Development Company of Rajasthan Limited** Mega Highways Project, Rajasthan Phase I	BOT	2,106.00	Toll
Road Infrastructure Development Company of Rajasthan Limited** Mega Highways Project, Rajasthan, Phase II	BOT	599.00	Toll
Thiruvananthapuram Road Development Company Limited Phase-I & II* Thiruvananthapuram City, Kerala	BOT	119.47	Annuity
Andhra Pradesh Expressway Limited* Kotakatta to Kurnool, Andhra Pradesh	BOT	328.38	Annuity
Ramky Elsamex Hyderabad Ring Road Limited* Hyderabad Outer Ring Road (Tukkuguda to Shamshabad), Andhra Pradesh	BOT	151.60	Annuity
East Hyderabad Expressway Limited Hyderabad Outer Ring Road (Pedda Amberpet to Bonulur), Andhra Pradesh	BOT	173.02	Annuity
ITNL Road Infrastructure Development Company Limited Beawer to Gomti, Rajasthan	DBFOT	247.80	Toll
Jharkhand Road Projects Implementation Company Limited Jharkhand Accelerated Road Development Programme	BOT	663.00	Annuity
Pune Sholapur Road Development Company Limited Pune to Sholapur, Maharashtra	DBFOT	571.30	Toll
Hazaribagh Ranchi Expressway Limited Hazaribagh to Ranchi, Jharkhand	BOT	318.71	Annuity
N.A.M. Expressway Limited Narketpalli to Medarametla (via Addanki), Andhra Pradesh	BOT	887.95	Toll
Warora Chandrapur Ballarpur Toll Road Limited Chandrapur to Warora to Bamni, Maharashtra	DBFOT	275.20	Toll
Moradabad Bareilly Expressway Limited Moradabad to Bareilly, Uttar Pradesh	DBFOT	522.37	Toll
PROJECTS UNDER CONSTRUCTION			
Road Infrastructure Development Company of Rajasthan Limited** Mega Highways Project, Rajasthan, Phase III	BOT	366.00	Toll
Baleshwar Kharagpur Expressway Limited Baleshwar Kharagpur road, Orissa and West Bengal	DBFOT	477.20	Toll
Thiruvananthapuram Road Development Company Limited Phase-II and III* Thiruvananthapuram City, Kerala	BOT	39.00	Annuity
Jorabat Shillong Expressway Limited Jorabat to Shillong, Assam and Meghalaya	DBFOT	261.80	Annuity
Chenani Nashri Tunnelway Limited Tunnel from Chenani to Nashri, Jammu & Kashmir	DBFOT	38.40	Annuity

<u>Project Description</u>	<u>Commercial Format</u>	<u>Length (in Lane kms)</u>	<u>Main Revenue Source</u>
Sikar Bikaner Highway Limited Sikar Bikaner road, Rajasthan	DBFOT	539.74	Toll
Kiratpur Ner Chowk Expressway Limited Highway between Kiratpur and Ner Chowk section of NH-21, Punjab and Himachal Pradesh	DBFOT	327.38	Toll
Khed Sinar Expressway Limited Highway between Khed and Sinar section of NH-50, Maharashtra	DBFOT	557.24	Toll
Barwa Adda Expressway Limited Highway between Barwa-Adda-Panagarh section of NH-2, Jharkhand and West Bengal	DBFOT	727.38	Toll
PROJECTS UNDER DEVELOPMENT			
Jharkhand Road Projects Implementation Company Limited Jharkhand Accelerated Road Development Programme	BOT	355.00	Annuity
ITNL Road Infrastructure Development Company Limited[^] Beawar Gomti Road (four laning), Rajasthan	DBFOT	216.00	Toll
Srinagar Sonmarg Tunnelway Limited Z Morh Tunnel, Jammu & Kashmir	DBFOT	34.00	Annuity
ITNL's Presence in the Road Segment (Toll: 9,749 Lane kms; Annuity: 2,955 Lane kms)^{^^}			

* The Guarantor recognises revenue from these projects as income from minority interest or treats it as investment in associate.

** In the absence of any direct equity investment, the revenues from these projects are not consolidated in the Guarantor's financial statements.

[^] Two laning of this project has been completed and is under operation. Further four laning of the same stretch is currently under development.

^{^^} The Guarantor's aggregate presence in the road sector, including its international operations, namely the development of the A-4 Madrid Highway, Spain, and the Yuhe Expressway, China, is 12,838 Lane kms.

There are certain projects in which the Guarantor has a "beneficial interest" as a result of certain call option agreements entered into with IL&FS, other companies in the IL&FS Group and certain third parties, as well as covered warrants to which the Guarantor has subscribed. As a result of these agreements, the Guarantor has an effective economic interest in such projects whereby, for example, if the project company declares and pays a dividend, the Guarantor would receive a payment equivalent to its beneficial interest. Such payments would be recognised as other income. The Guarantor records the value of the covered warrants on its balance sheet as investments, and records the value of the call options as current assets.

Projects in non-road segment in India and international operations

<u>Project Description</u>	<u>Commercial Format</u>	<u>Main Revenue Source</u>
Vansh Nimay Infraprojects Limited (under operation) Nagpur City Bus Transportation Service, Maharashtra	BOO	Ticket Receipts
Rapid MetroRail Gurgaon Limited (under operation) Gurgaon Metro Link Rail Project, Haryana	BOT	Ticket Receipts
Rapid MetroRail Gurgaon South Limited (under construction) Gurgaon Metro Rail South Extension, Haryana	DBFOT	Ticket Receipts
Charminar RoboPark Limited (under development) Multi-level Parking Project, Charminar, Hyderabad	BOT	User fee
MP Border Checkpost Development Company Limited (under construction, partly under operation) 24 border check posts and two central control facilities, Madhya Pradesh	BOT	User fee
Karyavattom Sports Facilities Limited (under development) Greenfield stadium, Karyavattom	DBOT	Annuity and user fee

<u>Project Description</u>	<u>Commercial Format</u>	<u>Main Revenue Source</u>
INTERNATIONAL OPERATIONS		
ELSAMEX S.A. (Spain)		
Operating Subsidiary with projects in Spain, Portugal, Botswana, United Arab Emirates, Mexico and Columbia covering road maintenance, building maintenance and petrol station concession.		
Road Maintenance – 32,076 Lane kms		
Chongqing Yuhe Expressway Company Limited	PPP	Toll, annuity
Carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China		

Subsidiaries and Joint Ventures

The Guarantor has 57 subsidiaries (25 direct and 32 indirect) and seven joint ventures (three direct and four indirect). The following direct subsidiaries/joint ventures contributed more than 5 per cent. of either revenue/profits after tax/assets of the Guarantor on a consolidated basis as 31 December 2014.

<u>Name of Entity</u>	<u>As of 31 December 2014</u>				
	<u>Equity Share Capital</u>	<u>Revenue before any elimination and consol adjustment</u>	<u>PAT before any elimination and consol adjustment</u>	<u>Direct / Indirect % shareholding of the Company</u>	<u>Listing status</u>
Subsidiary-Direct					
Pune Sholapur Road Development Company Limited	1,760.00	477.21	34.97	90.91	Unlisted
Moradabad Bareilly Expressway Limited	2,216.60	4,975.82	713.09	100.00	Unlisted
Jharkhand Road Projects Implementation Company Limited	2,594.98	2,367.58	(516.84)	93.43	Unlisted
Chenani Nashri Tunnelway Limited	3,720.00	4,658.39	127.12	100.00	Unlisted
Elsamex SA (Consolidated)*	1,315.54	9,106.94	104.64	100.00*	Unlisted
Barwa Adda Expressway Limited	850.00	3,298.73	486.05	100.00	Unlisted
Sikar Bikaner Highway Limited	1,240.50	1,750.01	207.46	100.00	Unlisted
Khed Sinnar Expressway Limited	1,500.00	3,248.58	288.66	100.00	Unlisted
Joint Ventures-Direct					
N.A.M. Expressway Limited	2,335.10	56.70	2.06	50.00	Unlisted
NOIDA Toll Bridge Company Limited (Consolidated)	1,861.95	924.89	576.33	25.35	Listed
Jorabat Shillong Expressway Limited	840.00	2,709.30	(20.60)	50	Unlisted

* Out of the above 77.39 per cent. is directly held by the Guarantor and balance 22.61 per cent. through ITNL International Pte. Ltd.

Key Competitive Strengths

The Guarantor's key competitive strengths include the following:

Leadership in surface transportation infrastructure sector

The Guarantor is a leading surface transportation infrastructure company and one of the largest private sector BOT road operators in India (*Source: August 2014 ICRA Report on Indian Road sector*). It has a pan-India presence and a diverse project portfolio consisting of 27 road projects, comprising of approximately 12,838 Lane kms. The Guarantor has been involved in the development and operation of national and state highways, flyovers, bridges and roads in various parts of India. Its flagship projects include the NOIDA Toll Bridge, the Vadodara Halol Toll Road, the Chenani-Nashri tunnel in Jammu & Kashmir and the Mega Highways Project, Rajasthan. The Guarantor believes it has been able to maintain its leadership and track record in the surface transportation infrastructure sector in India which provides it a significant competitive advantage when bidding for new projects.

Expansion into new sub-sectors within the surface transportation infrastructure industry

Over the years, the Guarantor has leveraged its experience in the road transportation infrastructure sector and IL&FS's track record in infrastructure projects to expand its business in other surface transportation infrastructure, including rail, urban mass-rapid transport, border check posts and multi-level parking facilities.

The Guarantor is currently developing the extension to the elevated metro link project in Gurgaon. It has also been mandated to develop an integrated multi-level automatic parking facility in Hyderabad. Further, besides operating the Nagpur city bus transport services, the Guarantor is also developing 24 border check posts in Madhya Pradesh out of which 11 check posts are currently operational. While the Guarantor intends to keep expanding its presence in the non-road segment, the Guarantor believes that it has been able to successfully integrate its operations in this segment within its core business.

Track record of successful project commissioning

The Guarantor's portfolio of operational assets consists of approximately 8,820 Lane kms of highways. The Guarantor's streamlined operations and maintenance policies enhance its execution capabilities which has assisted the Guarantor in setting and maintaining a track record of on-time project delivery of the projects commissioned and also within the budgeted cost. Certain of the Guarantor's projects have even been commissioned ahead of their scheduled completion dates. For example, the Pune—Sholapur Road was completed in August 2013, ahead of its scheduled completion date of January 2014. Similarly, the Hazaribagh—Ranchi Road was completed in September 2012, ahead of its scheduled completion date of January 2013. The Guarantor believes itself to be a key player in the development of surface transportation infrastructure in India by maintaining high levels of engineering skills, monitoring technical advancements that are released in the market and using the latest technology in its business.

Diversified road project portfolio and revenue base

The Guarantor's portfolio of assets primarily consists of a diverse mix of annuity and toll based BOT road projects spread across several states in India, which are in different stages of development, construction and operation and maintenance. All BOT projects are implemented through special purpose vehicles ("SPVs") and the Guarantor has a controlling interest in a number of SPVs. These SPVs enter into various types of concession agreements with Government agencies, which enable the Guarantor to generate revenue from toll receipts or annuities, as well as, in certain cases, through other sources such as advertising and from the use of rights of way, all of which further diversifies its revenue streams. The diverse nature of BOT road project portfolio and the fact that it is spread across India limits the Guarantor's reliance on any single region and on any single project and thus reduces the potential impact of natural or man-made disasters on its revenue. In addition, the Guarantor's overseas presence through Elsamex and operations in PRC through ITNL International has diversified its revenue base and geographical reach.

Strong parentage of IL&FS

The Guarantor's promoter, IL&FS, has a track record of promoting and financing public infrastructure projects in India for over 25 years. The major shareholders of IL&FS include Life Insurance Corporation of India, Central Bank of India, State Bank of India, Housing Development Finance Corporation Limited, Abu Dhabi Investment Authority and Orix Corporation of Japan. Due to the long-standing history of IL&FS in India, the Guarantor believes that IL&FS enjoys strong brand recognition and the Guarantor benefits from its brand. The Guarantor believes its affiliation with IL&FS strengthens its position when it bids for new projects or when it approaches lenders (whether domestic, international, bilateral or multilateral) regarding the financing options for various projects and provides it with opportunities to negotiate bilateral contracts with state and central government entities when they are seeking customised proposals.

Experienced management team

The Guarantor has an experienced professional management team with management and/or operational experience of an average of over 19 years each in the surface transportation infrastructure sector. The Guarantor also benefits from the relationship its management team has developed with state and central government entities and various financial institutions. The Guarantor's management team, for example, provides it with technical expertise in the areas of structures, designing, operations and maintenance and also focuses on identifying market opportunities and developing avenues for growth and expansion of business. The Guarantor believes that the experience and leadership of its senior management team has contributed significantly to the growth and success of its operations both in terms of securing new business and in ensuring that projects are developed and managed to high standards. See "*Directors and Senior Management*" for a description of the members of the Guarantor's senior management team.

Extensive and advanced execution capabilities

The Guarantor provides end-to-end solutions for BOT road projects, ranging from conceptualisation through commissioning to operations, maintenance and management. The Guarantor also has advanced capabilities in

terms of how it designs projects and the technology it uses. Since 2006, the Guarantor has benefited from having an in-house design team that assists in evaluating prospective projects for bidding, preparing feasibility studies and assisting with other matters in connection with project development and implementation. Having such a capability in-house enables it to design projects more quickly and efficiently than if it uses third party consultants. The Guarantor's in-house designing capabilities, coupled with established contractor relationships and its ability to source competitive pricing for construction, enable the Guarantor to assess the value of new projects effectively, assess certain developmental and operational risks and submit competitive bids. It has an in-house ISO 9001:2008 certified testing laboratory at Ahmedabad, Gujarat, for a number of project development, operation and maintenance activities. This laboratory enables it to test the materials used for the construction of certain of projects and those of third parties. Additionally, Elsamex has a private laboratory in Spain for the development and certification of new asphalt technologies and quality control for other national and international companies. In terms of technology, the Guarantor benefits from interactive web-based project management information system ("PMIS") in monitoring activities such as road inspection and maintenance, arboriculture, accident management, traffic updates and providing project information to various project teams.

Business Strategy

The Guarantor's business strategy consists of the following key elements:

Maintain market position in the Indian BOT road infrastructure sector

The Guarantor intends to maintain its market position in the Indian BOT road infrastructure sector by continuing to focus on the operation and maintenance of existing projects, the construction, development and improvement of projects under development and by bidding for additional projects. The Guarantor has entered into a technical advisory services agreement with East Nippon Expressway Company Limited, a Japanese expressway construction and operation company, to obtain advisory services in relation to the planning, design, construction, maintenance, management and operation of expressways and related infrastructure facilities. The Guarantor intends to leverage its experience, market position and ability to execute and manage multiple projects across geographies while bidding for new road projects. Additionally, the Guarantor intends to continue to outsource construction activities in order to undertake and execute multiple projects. The Guarantor also intends to continue to monitor construction risk effectively to ensure that projects are completed on time and within budget without compromising on quality.

Continue to focus on executing projects in a timely manner

The Guarantor's projects under development have a long gestation period before they become operational or generate profit. The Guarantor's projects are typically required to achieve financial closure no later than the scheduled commercial operations date specified under the relevant concession agreement. For details in relation to the risks associated in this regard, see "*Risk Factors—The Guarantor's financial condition and business prospects could be materially and adversely affected if it does not complete projects as planned or if its projects experience delays*". The Guarantor's streamlined operations and maintenance policies enhance its execution capabilities and it adopts on-going technological advancements to strengthen its technical abilities. Certain of the Guarantor's projects have been commissioned ahead of their scheduled completion dates. For instance, the Pune—Sholapur Road was completed in August 2013, ahead of its scheduled completion date of January 2014. Similarly, the Hazaribagh—Ranchi Road was completed in September 2012, ahead of its scheduled completion date of January 2013. The Guarantor plans to continue to focus on executing projects within the scheduled completion date or with minimal delays and constructing them to a high standard.

Continue expanding business outside India

The Guarantor's acquisition of Elsamex was the first step in expanding its international operations and it intends to utilise Elsamex's international presence and experience to bid for Operation, Maintenance and Tolling ("OTM") projects outside India. The Guarantor, through ITNL International, is also currently involved in the operation, management and maintenance of the Yuhe Expressway, consisting of four-lane dual carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China. In November 2013, ITNL International entered into a joint venture agreement with companies established and existing under the laws of China to undertake and provide consultancy and ancillary services in relation to roads, tunnels and bridges and to subsequently expand into other related maintenance businesses and provide services to overseas projects, particularly in South East Asia, Africa and South America. The Guarantor has, through ITNL International, incorporated a company in the UAE to develop infrastructure facilities in the area of surface transportation in the Emirates of Sharjah. The Guarantor has recently, through Elsamex, been awarded 12 contracts for maintenance of certain stretches of roads in Portugal, and have also in consortium with ASCON Road Construction L.L.C., UAE been awarded the contract for the maintenance of the Abu Dhabi Al Ain highway and truck road. The

Guarantor's joint venture with Elsamex has recently been awarded two procurement contracts under the output and performance based road contract system in Botswana. The Guarantor intends to continue looking for opportunities for enhancing its international footprint by partnering selectively with local businesses in other jurisdictions and by pursuing projects in other countries with local and multilateral funds. Further, given its association with IL&FS, which has an established track record in promoting and financing a range of public infrastructure projects in India for over 25 years, The Guarantor intends to utilise ancillary opportunities arising from other projects of IL&FS and its relationship with shareholders and authorities abroad.

Business Operations

At about 4.86 million kms, India has the second largest network of roads in the world. The national highways network of the country, which comprises approximately 1.9 per cent. of this network, carries 40 per cent. of the total road-based traffic, and spans about 3.3 million kms. The value of total roads and bridges infrastructure in India is expected to grow at a CAGR of 17.4 per cent. over the term of the Twelfth Five Year Plan (2012-2017) to reach US\$19 billion.

The Guarantor conducts its surface transportation infrastructure project development, operations and maintenance business in India through SPVs in India. The Guarantor operates a toll road in China through a joint venture held by ITNL International and conducts maintenance business outside India through Elsamex and its subsidiaries. The Guarantor is currently involved in 12 projects under operations, implementation and development stages which have been awarded by NHAI, representing 44.44 per cent. of the Guarantor's road portfolio.

Projects under development have a long gestation period before they become operational or generate profit. The completion targets for various projects are based on estimates and are subject to various risks, any of which could give rise to delays, cost overruns or the termination of a project's development. For risks related to projects, see "*Risk Factors—The Guarantor's financial condition and business prospects could be materially and adversely affected if it does not complete its projects as planned or if its projects experience delays*".

Set forth below is a summary description of the Guarantor's projects:

Projects under operation

North Karnataka Expressway (Belgaum Maharashtra Border Road)

The concession for this project was awarded to the Guarantor by the NHAI on a BOT (Annuity) basis for a period of 17.5 years pursuant to a concession agreement dated 20 November 2001. This project involved the development of a four-lane highway with service roads on both sides, aggregating to approximately 472 Lane kms between Belgaum in Karnataka up to Maharashtra border. The Guarantor commenced commercial operations of the project from 19 July 2004. For the nine months ended 31 December 2014, the entity recognised Rs.454.50 million (US\$7.48 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.620.80 million (US\$10.26 million) as total revenue from this project.

Vadodra-Halol Road

The concession for this project was awarded to IL&FS by the Government of Gujarat on a BOOT (Toll) basis, for a period of 30 years pursuant to a concession agreement dated 17 October 1998, as amended by agreement dated 26 September 2000. This project involved the development of approximately 190 Lane kms on State Highway No. 87 from Vadodara to Halol in the state of Gujarat. The Guarantor commenced commercial operations of the project from 24 October 2000. Upon completion of the 30 year period, the concession period is further extendable for a two year period at a time until the total project cost and agreed returns thereon have been recovered. This project was designated by the World Bank as a best practices example for its environment risk mitigation and social rehabilitation plan.

Ahmedabad-Mehsana Road

The concession for this project was awarded to IL&FS by the Government of Gujarat on a BOOT (Toll) basis, for a period of 30 years pursuant to a concession agreement dated 12 May 1999. This project involved the development of an approximately 333 Lane kms section of State Highway Numbers 41 and 133 from Ahmedabad to Mehsana in the state of Gujarat. The Guarantor commenced commercial operations of the project from 20 February 2003. Upon completion of the 30 year period, the concession period is further extendable for a two year period at a time until the total project cost and agreed returns thereon have been recovered.

For the nine months ended 31 December 2014, the entity recognised Rs.909.44 million (US\$14.96 million) as total revenue from the two foregoing projects. For the fiscal year 2014, the entity recognised Rs.1,231.18 million (US\$20.35 million) as total revenue from the two foregoing projects.

NOIDA Toll Bridge

The concession for this project was awarded to IL&FS by the New Okhla Industrial Development Authority (“NOIDA”) on a BOT (Toll) basis for a period of 30 years pursuant to a concession agreement dated 12 November 1997. This project involved the development of a toll bridge and approach roads with approximately 60 Lane kms connecting Delhi to NOIDA in the state of Uttar Pradesh. The Guarantor commenced commercial operations on 7 February 2001. Pursuant to the terms of the concession, the concession period will be subject to extension beyond 30 years for two years at a time until the total project cost and agreed returns thereon have been recovered. For the nine months ended 31 December 2014, the entity recognised Rs.924.89 million (US\$15.22 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.1,247.43 million (US\$20.62 million) as total revenue from this project.

West Gujarat Expressway (Jetpur Rajkot Gondal Road)

The concession for this project was awarded to the Guarantor by the NHAI on a BOT (Toll) basis for a period of 20 years pursuant to a concession agreement dated 22 March 2005. This project involved the widening of the existing Jetpur-Gondal road from two lanes to four lanes, improvement of the existing four lanes between Gondal and Rajkot, widening of the existing Rajkot bypass from two lanes to four lanes on the National Highway 8B and construction of side roads, with an aggregate length of approximately 389 Lane kms in the state of Gujarat. The project commenced commercial operations with effect from 17 March 2008. For the nine months ended 31 December 2014, the entity recognised Rs.403.35 million (US\$6.64 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.485.52 million (US\$8.03 million) as total revenue from this project.

Mega Highways Project, Rajasthan Phase I

The concession for this project was awarded to IL&FS by the Government of Rajasthan on a BOT (Toll) basis for a period of 32 years, pursuant to a project development agreement dated 7 August 2005. This project included the development of a two lane highway with paved shoulders aggregating to a length of 2,106 Lane kms in five corridors, connecting Phalodi to Ramji-ki-Gol, Hanumangarh to Kishangarh, Alwar to Sikandra, Lalsot to Kota, and Baran to Jhalwar in the state of Rajasthan. The Guarantor commenced commercial operations of the Phalodi-Ramji-ki-Gol project from 28 December 2007, the Hanumangarh-Kishangarh project from 28 February 2008, the Alwar-Sikandra project from 31 August 2008, the Lalsot to Kota project from 7 November 2009 and Baran to Jhalwar from 15 April 2008. The Guarantor has beneficial interest in this project as IL&FS has transferred its interest in the project to it through the issuance of covered warrants.

Mega Highways Project, Rajasthan Phase II

The concession for this project was awarded to IL&FS by the Government of Rajasthan on a BOT (Toll) basis for a period of 32 years, pursuant to a project development agreement dated 7 August 2005. This project included the development of approximately 715 Lane kms of state roads in the state of Rajasthan of which 599 Lane kms have been developed and the balance is under construction. The Guarantor commenced commercial operations of the four-lane dual carriageway between Alwar to Bhiwadi from 5 December 2011, the two-lane road between Arjunsar to Pallu from 17 February 2012 and the two-lane road with paved shoulder between Hanumangarh to Sangaria from 1 November 2011. Further, the Guarantor commenced commercial operation of the Jhalawar to Jhalawar Road from 13 September 2012, the Khushkheda to Kasola Chowk from 1 July 2013 and the Jhalawar to Ujjain up to Rajasthan state border from 15 December 2013. The Guarantor has beneficial interest in this project as IL&FS has transferred its interest in the project to the Guarantor through the issuance of covered warrants.

Thiruvananthapuram City Roads Phase I & II

The Guarantor is developing roads with an aggregate length of approximately 158 Lane kms in Thiruvananthapuram city in the state of Kerala in three phases—Phase I, Phase II and Phase III. The concession for this project was awarded to the Guarantor by the Kerala Road Fund Board on a BOT (Annuity) basis for a period of 17.5 years pursuant to a concession agreement dated 16 March 2004 and the supplementary agreement dated 4 January 2008. The Guarantor commenced commercial operations of Phase I from 15 November 2006, and of Phase II from 22 February 2012, developing approximately 119 Lane kms. A portion of Phase II of the project is under construction. For the nine months ended 31 December 2014, the entity recognised Rs.291.21 million (US\$4.79 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.440.44 million (US\$7.28 million) as total revenue from this project.

Andhra Pradesh Expressway (Kotakatta – Kurnool Road)

The concession for this project was awarded to the Guarantor by the NHAI on BOT (Annuity) basis for a period of 20 years pursuant to a concession agreement dated 20 March 2006. This project involved the widening of an existing two lane segment on NH-7 to four lanes aggregating approximately 328 Lane kms in the state of Andhra Pradesh. The Guarantor commenced commercial operations of the project from 30 September 2009. For the nine months ended 31 December 2014, the entity recognised Rs.655.83 million (US\$10.79 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.870.03 million (US\$14.38 million) as total revenue from this project.

Tukuguda to Shamshabad section of Hyderabad Outer Ring Road

The concession for this project has been awarded to the Guarantor by the Hyderabad Urban Development Authority and Hyderabad Growth Corridor Limited on a BOT (Annuity) basis for a period of 15 years pursuant to a concession agreement dated 18 August 2007. This project included the design, construction, development, operation and maintenance of an eight-lane access controlled expressway under the Phase IIA programme as an extension of Phase I of the Hyderabad outer ring road in the state of Andhra Pradesh, from Tukuguda to Shamshabad, with an aggregate length of approximately 152 Lane kms. The Guarantor commenced commercial operations of the project from 26 November 2009. For the nine months ended 31 December 2014, the entity recognised Rs.255.29 million (US\$4.20 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.355.47 million (US\$5.88 million) as total revenue from this project.

East Hyderabad Expressway (Pedda Amberpet to Bongulur section of Hyderabad Outer Ring Road)

The concession for this project was awarded to the Guarantor by the Hyderabad Urban Development Authority and Hyderabad Growth Corridor Limited on a BOT (Annuity) basis for a period of 15 years pursuant to a concession agreement dated 3 August 2007. The project involved developing an eight-lane wide expressway and two-lane service roads on both sides, with an aggregate length of approximately 173 Lane kms of the outer ring road in Hyderabad in the state of Andhra Pradesh. The Guarantor commenced commercial operations of the project from 1 March 2011. For the nine months ended 31 December 2014, the entity recognised Rs.295.65 million (US\$4.86 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.422.87 million (US\$6.99 million) as total revenue from this project.

Beawar Gomti Road

The concession for this project was awarded to the Guarantor by the Department of Road Transport & Highways, Government of India, on a DBFOT (Toll) basis for a period of 30 years pursuant to a concession agreement dated 1 April 2009. This project included the development of two lanes with an aggregate length of approximately 248 Lane kms with an option to upgrade to a four lane highway on NH-8 connecting Beawar to Gomti in the state of Rajasthan. The concession was awarded for an initial period of 11 years, with a provision to extend the concession period to 30 years upon the Guarantor exercising the option to construct a four lane highway on the stretch on 17 February 2012. The Guarantor commenced commercial operations of the two lane project from 24 August 2010. For the nine months ended 31 December 2014, the entity recognised Rs.667.45 million (US\$10.98 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.2,940.62 million (US\$48.61 million) as total revenue from this project.

Jharkhand Road Project Implementation Company Limited

The concessions in relation to this project were awarded by the Government of Jharkhand on a BOT (Annuity) basis for a period of 17.5 years. The project involved development of approximately 663 Lane kms of state roads in the state of Jharkhand, including a six-lane dual carriageway road in Ranchi Ring Road, the road connecting Ranchi to Patratu Dam Road, a four-lane road with service road on both sides connecting Adityapur to Kandra and a four-lane road connecting Patratu Dam to Ramgarh and a two lane with a paved shoulder road connecting Chaibasa to Chauka via Kandra. The concession for the Ranchi Ring Road was awarded on 23 September 2009 and commercial operations commenced from 21 September 2012, the Ranchi to Patratu Dam and Patratu Dam to Ramgarh was awarded on 13 April 2010 and the Adityapur-Kandra highway was awarded on 6 August 2011 and the Chaibasa Chowka highway on 27 November 2011. The Guarantor commenced commercial operations of the road connecting Ranchi to Patratu Dam from 12 October 2012, the Adityapur-Kandra highway from 31 January 2013 and the Patratu Dam road to Ramgarh stretch from 30 April 2014 and the Chaibasa Chowka highway from 30 November 2014. For the nine months ended 31 December 2014, the entity recognised Rs.2,367.58 million (US\$38.95 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.4,483.43 million (US\$74.11 million) as total revenue from this project.

Hazaribagh – Ranchi Road

The concession for this project was awarded by NHAI on a BOT (Annuity) basis for a period of 18 years pursuant to a concession agreement dated 8 October 2009. The project involved development of a four-lane highway with an aggregate length of approximately 319 Lane kms on NH-33 connecting Hazaribagh to Ranchi in the state of Jharkhand. The Guarantor commenced commercial operations of the project from 15 September 2012. For the nine months ended 31 December 2014, the entity recognised Rs.1,062.58 million (US\$17.48 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.1,381.59 million (US\$22.84 million) as total revenue from this project.

Pune – Sholapur Road

The concession for this project was awarded to the Guarantor by the NHAI on a DBFOT (Toll) basis for a period of 20 years, pursuant to a concession agreement dated 30 September 2009. The project involved the development of four lanes with an aggregate length of approximately 571 Lane kms on Pune—Sholapur stretch of NH-9 in the state of Maharashtra. The Guarantor commenced commercial operations of the project from 23 August 2013. However, a minor part of the land is yet to be handed over to the Guarantor in relation to the project, and the Guarantor has requested the NHAI vide an application dated 18 October 2013 to hand over the balance stretch of land. For the nine months ended 31 December 2014, the entity recognised Rs.477.21 million (US\$7.85 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.3,594.38 million (US\$59.41 million) as total revenue from this project.

Narketpalli Addanki Medarametla Road

The concession has been awarded by the Government of Andhra Pradesh on DBFOT (Toll) basis for a period of 24 years, including an initial construction period of two and a half years, pursuant to a concession agreement dated 23 July 2010. The project involves the development of approximately 888 Lane kms from Narketpalli to Medarametla (via Addanki) section of SH-2 in the state of Andhra Pradesh, including widening of an existing two-lane carriageway to a four-lane carriageway and the strengthening of existing carriageway by providing bituminous overlays. The Guarantor commenced commercial operations of the project from 11 March 2014. However, a minor part of the land is yet to be handed over to it in relation to the project. For the nine months ended 31 December 2014, the entity recognised Rs.56.70 million (US\$0.93 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.2,428.55 million (US\$40.14 million) as total revenue from this project.

Chandrapur – Warora Road

The concession has been awarded by the Public Works Division, Chandrapur, Government of Maharashtra, on a DBFOT (Toll) basis for a period of 30 years including an initial construction period of three years, pursuant to a concession agreement dated 18 March 2010. The project involves the development of approximately 275 Lane kms of the four-lane highway connecting Warora to Bamni via Chandrapur and Ballarpur in the state of Maharashtra. The concession period commenced from 3 January 2011. The Guarantor commenced commercial operations of the project from 26 December 2014.

Moradabad Bareilly Road

The concession has been awarded by NHAI on a DBFOT (Toll) basis for a period of 25 years, including an initial construction period of two and half years pursuant to a concession agreement dated 19 February 2010. The project involves the development of four-lane highway between Moradabad to Bareilly section of NH-24 in the state of Uttar Pradesh. The concession period commenced from 4 December 2010. The Guarantor commenced commercial operations of the project from 7 January 2015.

Projects under construction

Mega Highways Project Phase III, Rajasthan

The concession has been awarded on a BOT (Toll) basis for a period of 32 years, including a construction period of two years, pursuant to a project development agreement dated 7 August 2005. The project involves the development of two-lane highway with an aggregate length of 607 Lane kms in the state of Rajasthan, and improvement to two corridors, that is, Mathura to Bhadoti and Rawatsar-Nohar-Bhadra up to Haryana border. The construction of these projects commenced in January 2012 based on the soft loans received from Government of Rajasthan. Pursuant to a letter dated 12 November 2014, Road Infrastructure Development Company of Rajasthan Limited was directed by the Chief Engineer (Roads), Public work department, Government of Rajasthan to undertake only the construction of Rawarsar-Nohar-Bhadra stretch and the Bhadoti-

Gangapur and Bharatpur-Mathura (U.P. border) stretch under phase III with a total length of 366 lane kms. Financial closure for these projects is under process and the Guarantor expects to complete the construction of these projects in or around May 2016.

Baleshwar Kharagpur Road

The concession has been awarded by NHAI on a DBFOT (Toll) basis for a period of 24 years, including construction period of two and a half years pursuant to the concession agreement dated 24 April 2012. The project involves the development of approximately 477 Lane kms of the four-lane highway from Baleshwar to Kharagpur section of NH-60 in the states of Orissa and West Bengal, including construction of new bridges and other structures, as well as repair of the existing highway and its operation and maintenance. The concession period commenced from 1 January 2013. Pursuant to the concession agreement, the Guarantor is entitled to collect user fee of the project from 1 January 2013, being the appointed date. For the nine months ended 31 December 2014, the entity recognised Rs.1,947.82 million (US\$32.05 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.2,189.64 million (US\$36.19 million) as total revenue from this project. The Guarantor expects to complete the construction of the project in or around June 2015.

Thiruvananthapuram City Roads (Phase II and Phase III)

The Guarantor is developing roads with an aggregate length of approximately 158 Lane kms in Thiruvananthapuram city in the state of Kerala in three phases—Phase I, Phase II and Phase III, pursuant to a concession agreement dated 16 March 2004 and a supplementary agreement dated 4 January 2008. Further to an agreement dated 1 May 2009, the project sites for Phases II and III of this project, with an aggregate length of approximately 39 Lane kms in Thiruvananthapuram city, were handed over by the Kerala Road Fund Board to us. The concession period for these phases is 15 years after the completion of each phase. The Guarantor expects to complete the construction of Phases II and III of this project in or around May 2015.

Jorabat Shillong Road

The concession has been awarded by NHAI on a DBFOT (Annuity) basis for a period of 20 years, including an initial construction period of three years, pursuant to a concession agreement dated 16 July 2010. The project involves the development of approximately 262 Lane kms of the four-lane highway between Jorabat to Shillong (Barapani) on NH-40 in the states of Assam and Meghalaya. The concession period commenced from 12 January 2011. However, due to considerable delay in handing over of land for the project by NHAI, the Guarantor has sought an extension of time for completion of construction of the project until 31 March 2015 following an application dated 19 April 2014.

Chenani Nashri Tunnel

The concession has been awarded by NHAI on DBFOT (Annuity) basis for a period of 20 years, including an initial construction period of five years, pursuant to a concession agreement dated 28 June 2010. The project involves the development of the new alignment section of NH-1A measuring 38 Lane kms, including a nine kms long two-lane tunnel with a parallel intermediate lane escape tunnel from Chenani to Nashri on NH-1A in the state of Jammu & Kashmir. The concession period commenced from 23 May 2011. The Guarantor expects to complete the construction of the project in or around May 2016.

Sikar-Bikaner Road

The concession has been awarded by Public Works Department, Rajasthan, on a DBFOT (Toll) basis for a period of 25 years, including construction period of two years, pursuant to a concession agreement dated 29 June 2012. The project involves the development and operation of approximately 540 Lane kms of the Sikar-Bikaner section of NH-11 via Sikar bypass and Bikaner bypass ending on NH-89 in the state of Rajasthan. The concession period commenced from 18 February 2013. The Guarantor expects to complete the construction of the project in or around May 2015. An extension has been granted by the independent consultant for a period of nine months.

Kiratpur Ner Chowk Road

The concession has been awarded by NHAI on a DBFOT (Toll) basis for a period of 28 years, including an initial construction period of three years pursuant to a concession agreement dated 16 March 2012. The project involves the development of approximately 327 Lane kms of the four-lane highway between Kiratpur and Ner Chowk section of NH-21 in the states of Punjab and Himachal Pradesh. The concession period commenced from 14 November 2013, being the appointed date of the project. The Guarantor expects to complete the construction of the project in or around November 2016.

Khed – Sinnar Road

The concession has been awarded by NHAI on a DBFOT (Toll) basis for a period of 20 years, including a construction period of two and a half years pursuant to a concession agreement dated 8 May 2013. The project involves the development and operation of approximately 557 Lane kms of the four-lane highway between Khed and Sinnar section of NH-50 in the state of Maharashtra. The concession period commenced from 12 February 2014, being the appointed date of the project. The Guarantor expects to complete the construction of the project in or around August 2016.

Barwa-Adda-Panagarh Road

The concession has been awarded by NHAI on a DBFOT (Toll) basis for a period of 20 years, including an initial construction period of two and a half years pursuant to a concession agreement dated 8 May 2013. The project involves the development and operation of approximately 727 Lane kms of the six-lane highway between Barwa-Adda-Panagarh section of NH-2 including Panagarh Bypass in the states of Jharkhand and West Bengal. The concession period commenced from 1 April 2014, being the appointed date of the project. The Guarantor expects to complete the construction of the project in or around September 2016.

Projects under development

The projects of the Guarantor under development are those projects where the actual construction has not yet commenced. These projects are either at a pre-financial closure stage or at a stage where EPC contractors are being identified by us. The following projects are under development.

Jharkhand Accelerated Road Programme

The concession was awarded by the Government of Jharkhand on a BOT (Annuity) basis for a period of five years. The project involved the development of approximately 355 Lane kms of state roads in the state of Jharkhand, including construction and maintenance of existing or new roads, bridges and bye-passes, pursuant to a project development agreement dated 6 February 2008. Pursuant to a resolution passed by the Road Construction Department, Government of Jharkhand on 3 July 2014, the concession period for the project has been extended for a further period of five years, effective from 5 February 2013. The construction is yet to commence on this project.

Beawar – Gomti Road (four laning)

The concession for the development of two lanes with an aggregate length of approximately 248 Lane kms with an option to upgrade to a four lane highway on NH-8 connecting Beawar to Gomti in the state of Rajasthan was awarded to the Guarantor by the Department of Road Transport & Highways, Government of India, on a DBFOT (Toll) basis for a period of 11 years pursuant to a concession agreement dated 1 April 2009. Upon the Company exercising the option for four-laning of approximately 216 Lane kms of the existing two-lane Beawar – Gomti section on 17 February 2012, the concession period of the project, which had been awarded for an initial period of 11 years, was extended to 30 years. This project is currently pending financial closure.

Z-Morh tunnel

The concession has been awarded by Border Roads Organisation on a DBFOT (Annuity) basis for a period of 20 years, including an initial construction period of 1,825 days, pursuant to a concession agreement dated 30 April 2013. The project involves the construction, operation and maintenance of the Z-Morh tunnel, including approaches on NH 1 (Srinagar Sonmarg Gumri Road) in the state of Jammu & Kashmir. The Guarantor achieved financial closure on 22 August 2014, and awaits the declaration of appointed date to commence construction.

Urban transportation projects

Nagpur City Bus Project

Pursuant to a concession agreement dated 9 February 2007, the Municipal Corporation of City of Nagpur has awarded Vansh Nimay Infra Projects Limited the concession for mobilisation, operation and maintenance of the bus services in the city of Nagpur. The concession has been granted on a BOO basis for a period of 10 years, and is renewable for another five years. The primary revenue source for this project is ticket receipts. The Guarantor deployed approximately 470 buses on this project. For the nine months ended 31 December 2014, the entity recognised Rs.458.69 million (US\$7.55 million) as total revenue from this project. For the fiscal year 2014, the entity recognised Rs.564.11 million (US\$9.32 million) as total revenue from this project.

Gurgaon Metro Rail Link

Pursuant to a concession agreement dated 9 December 2009, the Haryana Urban Development Authority has awarded Rapid MetroRail Gurgaon Limited the concession for development of an approximately 4.9 kms long elevated metro rail link connecting the Delhi Metro Sikanderpur station on MG Road to NH-8 in Gurgaon in the state of Haryana. The concession has been awarded for a period of 99 years with effect from 5 June 2010, when financial closure was obtained. The Guarantor commenced commercial operations of the project from 14 November 2013. The primary revenue source for this project is ticket receipts.

Gurgaon Metro Rail South Extension

Pursuant to a concession agreement dated 3 January 2013, the Haryana Urban Development Authority has awarded Rapid Metrorail Gurgaon South Limited the concession for development of an approximately seven kms long elevated Metro Rail Link extension from Sikanderpur Station to Sector 56 in Gurgaon in the state of Haryana. The concession has been awarded for a period of 98 years, including an initial construction period of two and a half years. The Guarantor commenced construction of this project and it expects to complete the construction by May 2016. The primary revenue source for this project would be ticket receipts.

Multi-level Parking Project, Charminar, Hyderabad

Pursuant to a concession agreement dated 25 May 2012, the Greater Hyderabad Municipal Corporation has awarded Charminar Robopark Limited the concession on a BOT (user fee basis) basis for development of integrated multi-level automatic car parking in Hyderabad in the state of Andhra Pradesh. The concession has been awarded on a BOT basis through the PPP mode, for a concession period of 30 years, including an initial construction period of two years. As of the date of this Offering Circular, the Greater Hyderabad Municipal Corporation is yet to approve the detailed project report and grant the land to the Guarantor accordingly.

24 Border Checkposts

The concession for construction, up-gradation, modernisation, development, operation and maintenance of 24 border check posts and two central control facilities across the state of Madhya Pradesh has been awarded by Madhya Pradesh Road Development Corporation Limited pursuant to a concession agreement dated 10 November 2010. 11 of such check posts and both the central control facilities are currently operational. The concession has been awarded on a BOT (user fee basis) for a period of 4,566 days, including an initial construction period of 730 days with an extension of time granted by the independent consultant for 25 months.

Karyavattom Greenfield Stadium

Pursuant to a concession agreement dated 4 April 2012, the National Games Secretariat has awarded Karyavattom Sports Facilities Limited, a subsidiary of the Guarantor, the concession to develop and operate a greenfield stadium and related facilities, including designing the arena spaces, spectator seating area, sports facilities and security provisions, on certain land owned by the University of Kerala at Karyavattom on a DBOT (Annuity) basis, in connection with the 35th National Games to be held in Kerala. The concession has been awarded for a period of 15 years from the date of handing over of the land for the development of the stadium. Revenue shall be generated from the annuity payments during the implementation period, and from fees levied on users of the project facilities during the operational period.

International Operations

The Guarantor's international operations include projects in Spain, Portugal and Latin America through Elsamex, a wholly owned subsidiary. As at 31 December 2013, through a 49 per cent. joint venture (as at 31 December 2013) Chongqing Yuhe Expressway Company Limited, the Guarantor is currently involved in the operation, management and maintenance of the Yuhe Expressway, consisting of four-lane dual carriageway connecting downtown Chongqing with Hechuan County in Chongqing, China. The Guarantor has recently established offices in Dubai, United States, Colombia and Nigeria through ITNL International and is pursuing surface transport infrastructure projects in the UAE and Nigeria among other jurisdictions.

In July 2013, the Guarantor set up a company, namely Sharjah General Services Company LLC, in the Emirates of Sharjah, with H.E. Sheikh Sultan Ahmed Sultan Saqer Al-Qassimi and H.E. Sheikh Mohammed Ahmed Sultan Saqer Al-Qassimi as the other shareholders in the company, to develop infrastructure facilities in the area of surface transportation, logistics, industries and services sectors for both the public and private sector.

ITNL International is a wholly owned subsidiary of the Guarantor and has entered into a joint venture agreement in November 2013, with companies established and existing under the laws of China namely, Chongqing Expressway Group Company Limited, Jiangsu Transportation Institute and China Railway 13th Bureau Group

Co. Limited to establish an equity joint venture under the laws of China, in which ITNL International holds a 49 per cent. interest. The joint venture entity shall undertake and provide services including consultancy services for testing and inspection of roads, tunnels and bridges, design of special maintenance work, introduction and application of new technology on maintenance management, maintenance management systems and structural safety assessment systems and training services. In the long term, the joint venture entity also plans to expand into other related maintenance businesses and provide services to overseas projects, particularly in South East Asia, Africa and South America.

ITNL International, in consortium with Hemby Holdings Limited (in the ratio of 80:20 equity partnership) has been declared as the lowest bidder by the Kenya National Highways Authority for a concession to develop 175 kms of road on a finance, design, build, maintain and transfer basis. The concession would be awarded for a period of 10 years, including a construction period of two years, at a total estimated cost of US\$325.00 million. Six months after the commencement of the concession period, a semi-annual annuity of US\$47.50 million would be payable to the consortium.

On 24 January 2014, the Guarantor had entered into a technical advisory services agreement with East Nippon Expressway Company Limited, a Japanese expressway construction and operation company, to obtain advisory services in relation to the planning, design, construction, maintenance, management and operation of expressways and related infrastructure facilities.

Elsamex

Elsamex, a wholly owned subsidiary of the Guarantor, was incorporated in 1977 and is an established road maintenance service provider in Spain, with additional operations in certain other countries, including in Europe and Latin America. The Guarantor acquired Elsamex in March 2008 in order to complement BOT road operations with Elsamex's maintenance capabilities and to facilitate its entry into international markets.

Elsamex's primary business is the maintenance of roads, buildings and petrol stations, mainly in Spain, with additional operations in Portugal in Europe, Botswana in Africa, Columbia in South America and Mexico in North America. Additionally, Elsamex, through its wholly subsidiaries GRUSAMAR and CIESM-INTEVIA, provides consulting services for roads and water supply projects, and conducts research and development for road maintenance projects and for third parties through its laboratories.

Some of the key contracts awarded to Elsamex are:

A-4 Madrid Highway, Spain

The concession for the development of the A-4 Madrid highway was awarded to the joint venture of Elsamex and Isolux by the Ministry of Public Works, Madrid, Spain, pursuant to a concession agreement 27 December 2007. The concession was awarded on a DBFOT (Shadow Toll) basis for a period of 19 years, and involved expansion of the existing four-lane road to six-lane between 3.78 kms and 67.50 kms, and also the improvement and operation and maintenance of the A-4 Madrid highway (approximately 256 Lane kms). The project was completed on 25 November 2010.

Abu Dhabi Al Ain Highway (E22) and Truck Road (E30/E40)

Elsamex, in consortium with ASCON Road Construction L.L.C., UAE has been awarded the contract for the maintenance of 512 kms of road sections (approximately 1,238 Lane kms) of the Abu Dhabi Al Ain highway and truck road by the Department of Transport, Abu Dhabi, UAE in December 2012. The contract has been awarded for a period of two years from 1 September 2013, the date of commencement of the maintenance contract.

Road Maintenance Contracts in Portugal

Inteval Gestao Integral Rodoviaria SA, a wholly owned subsidiary of Elsamex has been awarded 12 contracts by Estradas de Portugal (the Roads Development Company of the Government of Portugal) for maintenance of roads in several provinces of Portugal, including Oporto, Santarem and Coimbra, comprising of approximately 21,915 Lane kms in aggregate, for a period of three years effective from September 2014. Elsamex is executing 13 road maintenance contracts in Portugal, including the above contracts, of approximately 22,263 Lane kms.

Road Maintenance Contracts in Botswana

A joint venture of Elsamex and the Guarantor has been awarded procurement contracts by the Roads Department Ministry of Transport and Communications, Republic of Botswana, under the output and performance based road contract system, for the design, rehabilitation, improvement, network performance, routine maintenance and

periodic maintenance works under two projects, admeasuring approximately 267.78 kms. The contracts have been awarded for a period of 10 years, effective from 19 February 2014. These projects are being financed by the World Bank.

Other significant international projects

Yuhe Expressway, China

The concession was granted by Chongqing Municipal People’s Government, China on a Public-Private Partnership (“PPP”) basis for a period of 30 years pursuant to a concession agreement dated 28 June 2002, with revenues from toll collections, annuities and from operations of service areas along the expressways. The project included the operation, management and maintenance of the Yuhe Expressway, connecting downtown Chongqing with Hechuan County in Chongqing, China (approximately 235 Lane kms). The project is managed by Chongqing Yuhe Expressway Company Limited, in which the Guarantor acquired 49 per cent. stake through ITNL International in December 2011.

New Projects

Preferred Bidder

Set forth below is a description of project for which the Guarantor believes it has been selected as a preferred bidder but the concession for the development of the project is yet to be awarded to it.

International Operations

Ambo-Wolisso road, Ethiopia

This project involves upgrading the Ambo-Wolisso road in Ethiopia, located in the Oromia Regional State. The total length of the route included in the project is 62.7 kms, starting from Ambo town, to Wolisso town. The contract is being financed by the World Bank towards the cost of the Ethiopia Transport Sector Project.

Pre-Qualified

A list of projects for which the Guarantor has been pre-qualified and for which it proposes to submit financial bids is set forth below:

Name of the Project	Description	(as of 31 December 2014)	
		Main Revenue Source	Length (in km)
Lucknow Sultanpur project	Four laning of Lucknow—Sultanpur section of NH-56 from 11.50 km to 134.70 km in the state of Uttar Pradesh under NHDP Phase IV through PPP on DBFOT (Toll) basis.	Toll	125.90
Meerut Bulandshahr project	Four laning of Meerut—Bulandshahr section of NH-235 from 8.80 km (design chainage 8.80 km) to 66.48 km (design chainage 73.51 km) in the state of Uttar Pradesh under NHDP Phase IVB through PPP on DBFOT (Toll) basis.	Toll	61.19
Edapally Vytilla project	Operation and maintenance of Edapally—Vytilla—Aroor section of NH-66 from 342.00 km to 358.75 km in the state of Kerala on OMT basis.	OMT	62.60
Gorkhpur Kasia project	Operation and maintenance of Gorkhpur—Kasia—UP/ Bihar border from 279.80 km to 360.92 km (new 285.00 km to 366.12 km) of NH 28 (total length 81.12 km) and toll revenue collection of toll plaza at 255.20 km (new 256.50 km) (for BOT annuity section from 251.70 km to 279.80 km (new 252.86 km to 285.22 km) of NH 28 in the state of Uttar Pradesh).	OMT	81.12
Interstate check posts in the state of Punjab	Development of computerized interstate check posts in the state of Punjab on DBFOT basis.	Toll	—
Indore Ichhapur project	Four laning of Indore-Ichhapur to MP/MS Border (SH-27) road on BOT(Toll) basis	Toll	199.43

(as of 31 December 2014)			
Name of the Project	Description	Main Revenue Source	Length (in km)
Mukarba chowk project	8-Laning of section of NH-1 (new NH-44) from Mukarba chowk to Panipat at 15.50 km to 86.00 km on BOT (Toll) basis in the state of Haryana.	Toll	69.85
Binjhabahal Telebani project	Rehabilitation and upgradation to four laning of Binjhabahal to Telebani section (414.98 km to 492.59 km) of NH-6 in the state of Odisha, on DBFOT (Toll) basis under NHDP Phase-IV	Toll	—
Baleshwer Chandikhole project	Six laning of Baleshwar Chandikhole section of NH 5 62.00 km to 199.14 km in the state of Orissa to be executed on BOT (Toll) basis on DBFOT pattern under NHDP Phase V.	Toll	137.14
Dolabari Jamuguri project	Four laning of Dolabari to Jamuguri section starting from 17.30 km of NH-37A and ending at 182.00 km of NH-52 on BOT (Annuity) basis in the state of Assam.	Annuity	18.81
Handia Varanasi project	Six laning of Handia Varanasi section of NH-2 from 713.15 km to 785.54 km in the state of Uttar Pradesh under NHDP Phase-V on BOT (Toll) basis.	Toll	72.40
Zozila tunnel project	Construction, operation and maintenance of Zozila Tunnel, being a 14.08 km long single Tube bidirectional tunnel with parallel egress tunnel including approaches on NH-1 (Srinagar—Sonamarg—Gumri Road) in the state of Jammu and Kashmir on DBFOT (Annuity) basis.	Annuity	14.08
Eastern peripheral expressway project	Development of a six lane eastern peripheral expressway (NH No. NE-II) from 0.00 km to 135.00 km (starting from 36.08 km on NH-1 and ending at 64.33 km on NH-2) in the states of Haryana and Uttar Pradesh on DBFOT (Toll) basis.	Toll	135.00
Tirunelveli Tuticorin project	Operation and maintenance of the Tirunelveli-Tuticorin section from 0.00 km to 47.25 km (port connectivity stretch) of NH-7A (New NH-138) in the state of Tamil Nadu on OMT basis.	OMT	47.25
Northern Peripheral Road project	Development of the Northern Peripheral Road Project in the state of Uttar Pradesh, to be executed through the PPP mode.	Toll	20.08
KatniShahdolAnoopur project, up to MP/CG border	Four laning with paved shoulder of the Katni-Shahdol-Anoopur to MP/Chhattisgarh border section of NH-78 Road on BOT (Toll) basis on DBFOT pattern.	Toll	234.00
Kazhakkootam to Mukkola Junction	Four laning of the Kazhakkootam to Mukkola junction of NH-47 along the Trivendrum bypass from 0.00 km to 26.50 km on BOT (Toll) basis in the state of Kerala.	Toll	26.80
Sultanpur-Varanasi Section	Four laning of Sultanpur—Varanasi Section of NH-56 from 134.700 km (design chainage 134.700 km) to 271.300 km (design chainage 280.925 km) in the state of Uttar Pradesh under NHDP Phase IV through Public Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis	Toll	146.23
Ghaghar Bridge to Varanasi Section	Four laning of Ghaghar Bridge to Varanasi Section from 121.800 km to 299.350 km Of NH-233 in the state of Uttar Pradesh under NHDP Phase-IV to be executed as BOT (Toll) Project on DBFOT Pattern	Toll	177.65

(as of 31 December 2014)			
Name of the Project	Description	Main Revenue Source	Length (in km)
Zirakpur-Patiala Section	Four laning of Zirakpur—Patiala Section of NH-64 from 0.000 km to 50.700 km in the state of Punjab through Public- Private Partnership on Design, Build, Finance, Operate and Transfer (DBFOT) basis	Toll	50.70
Yadgiri-Warangal Section	Four laning of Yadgiri—Warangal Section of NH-163 from 54.000 km to 150.000 km (Design Length—99.103 km) in the state of Andhra Pradesh under NHDP Phase IV to be executed in BOT (Toll) mode on DBFOT Basis.	Toll	99.10
Telabani to Sambalpur Section	Four Laning / Two Laning with paved shoulder from Telebani to Sambalpur Section (492.590 km to 567.400 km) of NH-6 in the state of Odisha on Design, Build, Finance, Operate and Transfer, BOT(Toll) Basis Under NHDP-IV	Toll	74.81
Singhara to Binjabahal Section	Four Laning from Singhara to Binjabahal Section (310.806 km to 414.982 km) of NH-6 in the state of Odisha on Design, Build, Finance, Operate and Transfer, BOT(Toll) Basis Under NHDP-IV	Toll	104.18

International Projects in which the Guarantor intends to participate

Below is a description of some of the international projects that the Guarantor may participate in either on its own or in joint venture with other partners:

Name of the Project	Description	Format	Length
Neiva—Girardot Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction—80.6 km; and Improvement of the existing road—171.3 km
Villavicencio—Yopal (Group 3) Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction—49.4 km; and Improvement of the existing road—215.6 km
Santana—Mocoa—Neiva Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction—42.15 km; and Improvement of the existing road—392.3 km
Autopista MAR 1 Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction—49 km; and Improvement of the existing road—56 km
MAR 2 Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction—22 km; and Improvement of the existing road—137 km
Rio Magdalena 1 Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	98 km
Santander De Quilichao—Popayán Highway, Colombia	Design, construction, finance, operation and maintenance	DBFOT	Construction and improvement of the existing road—75.83 km
R16 Balti-Falesti-Sculeni Road, Moldova	24 months Rehabilitation works of 2 sections of the R16 Balti-Falesti-Sculeni Road, including seven bridges, for 24 months.	—	54.68 km
Nekempte-Bure Road, Ethiopia (Nekempte-Anger Gutin-Andhode section, Andhode-Agamsa section and Agamsa-Bure section)	Construction, upgradation and maintenance (for five years) of three sections of the Nekempte-Bure Road	Output and performance based road contract	258.31 km

<u>Name of the Project</u>	<u>Description</u>	<u>Format</u>	<u>Length</u>
DauGiay-PhanThiet Expressway Project, Vietnam	Design, construction, finance, operation and maintenance of the DauGiay- PhanThiet Expressway Project	DBFOT	98.7 kms
Highway Conexion Norte, Caucasia-Zaragoza, Colombia	Design, construction, finance, operation and maintenance	DBFOT	construction of 63 km and improvement of the existing road 82 km
Highway Rio Magdalena, Colombia	Design, construction, finance, operation and maintenance	DBFOT	construction of 99 km and improvement of the existing road 51 km
Rehabilitation of R14 Balti-Sarateni Road, Santander de Quilichao—Popayan, Colombia 7332-IFT-45094; RSP/2013/OT/W6/01-02 LOT 1: RSP/W6/01 KM 26+600 TO 38+300	Upgrading works	Upgrading works	12.3 km
Rehabilitation of R14 Balti-Sarateni Road, Moldova 7332-IFT-45094; RSP/2013/OT/W6/01-02 LOT 2: RSP/W6/02 KM 61+000 TO 66+657	Upgrading works	Upgrading works	5.6 km
Upgrading of Rukungiri-Kihiihi-Ishasha/Kanungu (78.5 km) from gravel to bitumen standard (120 m), Uganda	Upgrading works Prequalification	Upgrading works	78.5 km
Upgrading Bumbobi-Iwakhakha roads (44.5 km) from gravel to bitumen standard (120 m), Uganda	Upgrading works Prequalification	Upgrading works	44.5 km
Rehabilitation and maintenance of roads in Kakheti region under output- and performance-based contracting (“OPRC”)—225 km, Georgia	Design, Rehabilitation and Maintenance	OPRC	225 km
Ilorin Kaduna Road Project, Nigeria	Design, Built, Finance Operate and Transfer	DBFOT	340 km
Sharjah Airport Expansion Project	Public Private Partnership	DBFOT	—
Kibungo Ngoma Nyanza Road Construction Project, Rwanda	Construction, Operation and Maintenance	Construction, Operation and Maintenance	130 km

Business Activities

The Guarantor’s key business activity is the development, implementation, operation and maintenance of surface transport infrastructure projects.

Project Development and Implementation

The Guarantor performs a range of project development activities from the conceptualisation of projects to commissioning and commencement of commercial operations. These activities include the following:

- business development and seeking opportunities to participate in competitive bidding for new projects;
- evaluation and preparation of bids;
- assessment of estimated project costs;
- applications for pre-qualifications and tenders;
- preparation of structural and other designs;
- SPV formation and arranging financing for the project;
- acquisition and valuation;
- management of logistical and development issues (such as liaising with state and local regulatory authorities for obtaining land and environment related approvals for the project) during the concession period; and
- management and supervision of projects during the project life cycle.

Set forth below is a summary description of the key stages of various projects.

Business Development and Internal Co-ordination

The Guarantor has a well-regulated management policy governing its strategy on bidding for projects. Its management determines its overall strategy with respect to the procurement, development and operation of projects. The Guarantor's business development team identifies potential projects and prepares the bids generally by monitoring the published tenders of local, state and central governments. It also subscribes to news wires to stay informed on the bids published and local and international government initiatives.

Its design and development team complements the bidding initiatives by undertaking relevant studies and preparing preliminary designs in accordance with the requirements of the bid documents to conclude the viability of the project and to arrive at an estimate cost of the project.

Competitive Bidding

Most projects are awarded through a competitive bidding process. The bidding process typically consists of two parts: the pre-qualification stage and the bidding stage.

The Pre-Qualification Stage

In the pre-qualification stage, the concessioning authorities (which are generally the state or central government entities) consider several criteria, which usually include technical experience and financial strength.

Prior to submitting a bid for pre-qualification, the Guarantor's transaction approval committee reviews each potential project and provides its approval for participation in the project. If the management is satisfied that it can prepare a formal bid that will satisfy the pre-qualification criteria as defined in the bid document, then the Guarantor submits its credentials for pre-qualification.

The Bidding Stage

The Guarantor submits a final bid after its pre-qualification for the project. In certain cases, its submit bids in consortium with partners. In most cases the relevant local, state or central government authority follows the 'Model Concession Agreement' formulated by the Planning Commission of India in the bid format. Most of the terms governing a concession are finalized as part of the Model Concession Agreement, and concession operators like the Guarantor generally have limited ability to change these terms during the construction or operation phases of the concession. However, the Guarantor has to determine the amount of the premium it will pay to the Government for the project or the amount of financial grant or annuity it proposes to receive under the concession agreement. As a result, it is important that both revenues and expenses are accurately forecast during the bidding phase, and that potential risks are correctly identified, assessed and appropriate provisions are incorporated prior to submission of the bid. Prior to submitting bids, the Guarantor also discusses the construction costs with a few construction companies, and following evaluation of such costs, ultimately include such costs in the bid.

The typical duration between publication of the notice of a tender and the submission of a final bid is approximately four months. Once all bids have been submitted, the concessioning authority (which is typically a central, state or local government entity) reviews each of them. The concessioning authority either chooses the most financially attractive bid (unless there is a technical or other deficiency with the most financially attractive bid) or re-tenders the project.

Bilateral Negotiations

In addition to participating in competitive tenders, the Guarantor has been awarded projects through bilateral negotiations with state governments. The Guarantor, along with IL&FS, often assist the concessioning authorities in the early stages of their processes by customising its scope of work and the concession terms to suit the specific project requirements. In such instances, the Guarantor is often awarded the project following its submission of a competitive bid. Additionally, the Guarantor is also occasionally awarded concessions by the concessioning authorities for the development of additional roads without going through a competitive bidding process in instances where it has already developed a road for the relevant concessioning authority.

SPV Formation and Financing

Once the Guarantor has been awarded a surface transport infrastructure project, it establishes a SPV which holds the project and develops, maintains and operates the concession. While the SPV is the legal entity with rights and obligations under the concession agreement, in practice the Guarantor provides all necessary support to the SPV pursuant to development agreements and service agreements that the Guarantor enters into with the respective SPVs in relation to the concessions. The Guarantor takes the lead in project management on behalf of the SPV in accordance with the terms of the concession agreements and the development agreements, and also operates and maintains the toll/annuity roads on behalf of the SPV once it is completed.

When accepting the award of the concession, the successful bidder signs a letter of award received from the concessioning authority. These may include the submission of a performance guarantee. The performance guarantee is usually arranged by the Guarantor, and is provided by the SPV within 180 days from date of signing of the concession agreement. All the required finances for the project are generally mandated to be concluded within 180 days of signing of concession agreement.

The Guarantor normally seeks to fund up to 70 per cent. of the required capital expenditure for new projects through debt financing which it generally arranges through IL&FS's debt syndication arm from banks and financial institutions and in some instances directly from IL&FS, with the remainder being financed through an equity contribution.

Construction

The construction phase of a toll or annuity road project begins after financial closure is achieved. Concession agreements often contain incentives for early completion of a project. The construction phase of a project often takes between eight months and three years to be completed. The Guarantor's concessions typically range from a period of 10 to 32 years, after which they are transferred to the concessioning authority.

The Guarantor deploys a team from its project implementation department and design unit, to finalize the detailed design of the project, liaise with the concessioning authority and respective government agencies in connection with the land acquisition process, utility shifting, procuring necessary approvals/permits and supervising and managing construction work. Throughout this phase, the Guarantor monitors and controls the various work processes closely with the objective of controlling costs, maintaining quality and other logistical issues such as land acquisition, environmental rehabilitation or social resettlement and adequacy of safety precautions taken.

The Guarantor typically sub-contracts construction activities for the projects to EPC contractors. The contractors generally procure all the raw materials required for each project. Contractors are typically paid based on the completion of construction milestones. The Guarantor chooses the contractor for a given project based on many factors including the size and nature of the project, the contractor's capability, the contractor's presence and experience in the local region, the contractor's relevant experience and the contractor's quote and estimated time for completion. The Guarantor has worked with a number of contractors throughout India, and is not dependent on any single contractor.

For certain projects, the Guarantor may enter into fixed price agreements with its SPVs for undertaking the design, development, construction, supervision and management of the project domiciled in the SPV. In such circumstances, the Guarantor outsources the civil works portion of the contracts to a construction contractor.

Construction contracts with the contractors are primarily item based contracts and, in some instances, fixed price contracts. In fixed price contracts, the construction price is fixed at the time of agreement and the contractor bears the risk of any subsequent increase in costs and delays (other than increased costs or delays attributable to the concessioning authority) in connection with construction. In item based contracts, the Guarantor agrees to the construction cost per unit with the contractor based on reference rates for various components of construction, including steel, cement, bitumen and diesel at the time of the construction agreement. These contracts generally contain construction price escalation provisions linked to increases in raw material costs relative to the agreed reference rates in accordance with a pre-determined formula. Accordingly, the Guarantor bears the risk of increased costs of raw materials and labour to the extent it outsources construction activities pursuant to item based contracts.

As the project nears completion, an independent engineer is asked to certify that the road has been completed in accordance with the technical specifications set forth in the concession agreement. Upon receipt of the independent engineer's report, the concessioning authority issues a completion certificate, which allows the Guarantor to begin collecting toll receipts or receive annuity payments as per the provisions of the concession agreement.

Operation and Maintenance

The Guarantor has project implementation teams located on site at all its projects. These teams monitor the roads for maintenance, upkeep and operations services, as well as user and emergency services. The Guarantor provides these services through its own facilities and by sub-contracting some services to specialist companies. The Guarantor considers the relative efficiencies of self-sourcing and outsourcing for each required service when making sourcing decisions. As regards its international projects, the Guarantor selectively partners with local businesses in the respective jurisdictions which enables it to implement projects.

Under the terms of the concession agreements, SPVs are responsible for performing maintenance services to preserve toll and annuity road systems, rectification of any defects on the road surface, services for overlaying for major maintenance, drainage, safety services and equipment, signage and signalling, maintaining bridges and viaducts. The Guarantor conducts regular safety inspections of all its roads. The Guarantor has established, documented and implemented a quality management system, which is maintained and continually improved in accordance with the requirements of ISO 9001:2008.

In-house Testing Laboratory

In Ahmedabad, Gujarat, the Guarantor's material testing laboratory has been certified under ISO 9001:2008. This is a testing laboratory for a number of project development, construction, operation, maintenance, and tolling activities and serves as a testing facility for the materials used in the construction of the projects that the Guarantor operates or develops. To the extent this laboratory has unutilised capacity, it is also engaged by third parties to test the construction materials used in their projects.

Accident and Emergency Services

In managing its toll roads, the Guarantor seeks to meet or exceed internationally accepted safety standards. The Guarantor's accident prevention strategy prioritises construction, acquisition and provision of new safety features, such as pedestrian overpasses, concrete barriers, speed limit controls, improved signals and signage, roadway widening, ambulance response capability, traffic inspection and removal of dead animals and other obstructions. The Guarantor believes that its preventive measures are essential in minimising injury and fatalities on its toll roads.

The concession agreements also require it to provide emergency services to its users. In this regard, the Guarantor provides traffic inspection and emergency, ambulance service, paramedic and first aid kits, rescue and search services at project sites. The Guarantor's traffic inspection teams patrol its toll roads monitoring potential problems and emergencies, placing emergency signs and taking other appropriate measures when necessary. They also look out for toll road users evading the toll fee. The Guarantor's service team provides emergency aid to vehicles with mechanical problems on roads, using tow trucks to remove broken down or damaged vehicles. The Guarantor also operates mobile rescue units that are equipped to provide first aid and evacuation in case of medical emergency. Most mobile rescue units have a GPS tracking system installed that permits the Guarantor to monitor the vehicle's activity, fuel levels and other critical details on a real-time basis by means of a satellite network.

Traffic Information

The Guarantor maintains several traffic information systems for road users, including technologically advanced traffic management systems such as variable message panels along certain concession toll roads to provide traffic condition information.

Project Management Information System

PMIS is a web-application designed to be user friendly and provides technologically advanced capabilities, including project information, to project teams. PMIS employs both Geographic Information System (“GIS”) and Remote Sensing (“RS”) technology. GIS is licensed by the Guarantor. PMIS monitors activities such as road inspection, maintenance, arboriculture, accident management, traffic management and traffic safety compliance. In addition, PMIS enables project teams to compile the results of such monitoring in a continually updated database.

Enterprise Resource Planning System

For operation and maintenance projects and projects in initial stages of implementation the Guarantor has implemented an enterprise resource planning (“ERP”) application, SAP, which monitors project revenues, costs, expenses, finances, project schedules and manpower by tracking the data gathered from sites and subsequently relaying to concerned intra-company departments at the head office at Mumbai on a real-time basis. Through the ERP application, project progress is monitored on financial and physical parameters by customised billing and the system is customised for claim handling abilities and advanced report generating capability. The ERP application serves not only as a monitoring tool but also as an early warning system with alerts for among other things, pending approvals, payments and renewals.

Compliance Management Solution

The Guarantor has implemented a compliance management application namely RSA Archer, which provides an access-controlled environment for automating enterprise compliance processes, assessing deficiencies against standard operating procedures at the corporate and subsidiary level and reporting on the same as well as on managing findings. The tool is used for creating a repository of and managing standard operating procedures, planning self-assessment campaigns, performing control self-assessments, creating reports and management dashboards based on the self-assessments and maintaining continuous controls for monitoring the above processes.

Tolling

Toll collection systems

The Guarantor typically uses a combination of semi-automated and fully automated toll collection systems at toll plazas and the level of automation at the toll plazas are designed based on the type of traffic and volume at the toll plazas. For example, at certain urban toll plazas the Guarantor uses Electronic Toll Collection (“ETC”) technology which allows the users who have tags issued by the Guarantor installed on their vehicles to pass through the toll plazas without stopping. The technology used for automation of toll plazas is scalable and adaptable to the changing requirements in addition to which the Guarantor uses industrial computing equipment which is much more rugged and resilient to detrimental site conditions like power fluctuations, dust, and vehicle exhaust fumes. The toll collection software architecture is designed such that it also helps the Guarantor in creating an audit trail for reconciliation of revenue collection. Toll automation also helps the Guarantor in achieving efficiency in the manpower required at the toll plazas.

The Guarantor closely monitors the collection of tolls with a view to reducing fraud and pilfering through effective supervision through CCTV cameras and monitoring systems installed at most toll roads. These surveillance systems are state-of-the-art equipment with various capabilities such as motion detection, remote monitoring, remote Pan-Tilt-Zoom functionality and 24/7 video recording with a minimum video backup of 30 days.

Distinct receipts are issued for each class of vehicle. Supervisors conduct a regular reconciliation of the cash receipts against the receipts issued. In addition to regular reconciliation, spot checks of each receipt collector are randomly carried out at unscheduled times during their shifts. The Guarantor also carries out random inspections on each toll plaza.

As part of the toll collection control procedures, at the end of each shift, the Guarantor reconciles cash receipts against the records entered into computer systems by each toll operator, and against the information recorded by the automatic vehicle classifiers in each toll lane, which quantify and classify the vehicles passing through the toll lane. The Guarantor’s toll supervisors also check the information recorded by CCTV cameras which are located in and around the various toll plazas, in order to determine the types of vehicles passing through the toll lane, and to enter the information into the system.

User fees or toll fees

The user fees that the Guarantor charges the users of toll roads are set according to the user fee notification provided as part of the concession agreements and approvals from the concessioning authority. The user fee is typically revised at scheduled intervals based on the notifications provided in the concession agreements, sometimes by reference to certain indices. The user fee also varies depending on the category of vehicle, length of the road stretch, length of the bypass (if any) and cost of major structures (if any).

Auctioning toll receipts

The Guarantor has auctioned the toll receipts attributable to some of its roads for one-year periods in order to provide greater certainty and stability to its revenues. The Guarantor advertises the auctions via newspapers and other media, and typically sells the receipts to the highest bidder. The Guarantor requires all selected bidders to guarantee a part of the payments that they are required to deposit with the Guarantor as part of their toll auction. Purchasers of the future toll receipts, which are generally local or national toll operator companies, pay the Guarantor a fixed periodic fee, on a bi-weekly basis in exchange for the actual toll receipts, which may be higher or lower than the fixed fee. The purchasers of these toll roads receipts are typically responsible for collection of tolls and expenses such as maintenance of toll plazas and electricity while the Guarantor continues to remain responsible for the maintenance and repair of the toll roads. Upon expiry of the one-year period, the Guarantor will generally sell the toll receipts for a fresh term of one year either by re-negotiating the fee terms with the existing toll operator or by conducting a fresh auction to sell receipts to the highest bidder.

Revenue

The income of the Guarantor consists of income from operations, toll revenues, finance income, construction income, income from operations and maintenance and sales.

Income from Operations

The Guarantor's income from operations comprises of income from advisory and management fees, lenders' engineer and supervision fees, operation and maintenance income, toll revenue, finance income, license fees, other operating income, income from securities and traded products-sales.

Toll Revenue

The Guarantor's toll revenue consists of income from collection of tolls from the users of roads and bridges for which it has a concession, including revenue generated from the auction of toll receipts.

Finance Income

The Guarantor's finance income consists of revenue from financial assets (roads or bridges for which it has entered into an annuity contract). The financial asset carried in books of accounts represents the fair value of the construction cost of the project, using effective interest rate method applicable for the project. The annuity receivable for these roads or bridges is recognised as revenue/finance income based on effective interest method on the financial assets to the extent it pertains to the carrying value of the asset and the amount of annuity in excess of such finance income is offset against the financing receivables.

Construction Income

The Guarantor's revenue from construction contracts consists of billing for construction of projects under service concession arrangements.

Income from Operations and Maintenance

The Guarantor's income from operation and maintenance consists of income earned for (1) Elsamex's maintenance activities such as upkeep of road and other assets; (2) operation and maintenance start-up fees that the Guarantor generates in India; and (3) recurring operation and maintenance fees that the Guarantor receives for upkeep of road assets in India. Since the fiscal year ended 2009, a substantial majority of the Guarantor's operation and maintenance income has been generated by Elsamex and its subsidiaries.

Sales

The Guarantor's income from traded product consists mainly of sales of chemical products like emulsions, which are generally used in road constructions.

Balance Sheet

Toll-Revenue Receivable Account

The Guarantor's toll-revenue receivable account represents the shortfall in assured return from the project, available as concessionaire to the Guarantor (or the relevant SPV) under the concession agreement from NTBCL and GRICL projects. The amount of shortfall so recognised as toll receivable amount for NTBCL and GRICL was approved by the High Courts of Allahabad and Delhi and High Court of Gujarat respectively. The current balance carried forward in consolidated balance sheet represents the balance amount of unamortised toll receivable amount for GRICL and the share of the Company from NTBCL, to the extent it is in line with the policy of the Company (net of Construction margin recognised as per Exposure draft on Guidance Note on Service Concession Arrangement).

Credit Ratings

Set forth below is certain information with respect to the Guarantor's credit ratings in respect of its outstanding indebtedness.

<u>Rating Agency</u>	<u>Credit Rating</u>	<u>Instrument and Limit/Rating amount</u>
ICRA (30 September 2014)	[ICRA]A	Rs.5,400 million (US\$85.27 million) Long-term rating, with outlook 'stable'
ICRA (30 September 2014)	[ICRA]A1	Rs.2,700 million (US\$42.63 million) Short-term rating
ICRA (30 September 2014)	[ICRA]A	Rs.10,000 million (US\$157.90 million) non-convertible debenture programme
ICRA (30 September 2014)	[ICRA]A-	Rs.5,000 million (US\$78.95 million) cumulative non-convertible compulsorily redeemable preference share programme
ICRA (30 September 2014)	[ICRA]A1	Rs.6,000 million (US\$94.74 million) commercial paper programme
ICRA (16 January 2015)	[ICRA]A	Rs.5,000 million (US\$78.95 million) Long-term rating
CRISIL (29 September 2014)	CRISIL A/ Stable	Rs.1,500 million (US\$23.68 million) Long-term rating
CRISIL (29 September 2014)	CRISIL A1	Rs.6,600 million (US\$104.21 million) Short-term rating
India Ratings (19 January 2015)	IND A	Long term issuer rating and Rs.5,500 million (US\$86.84 million) of long-term loan facility
India Ratings (19 January 2015)	IND A(exp)	Rs.3,000 million (US\$47.37 million) proposed non-convertible debentures
India Rating (19 January 2015)	IND A(exp)	Rs.2,000 million (US\$31.58 million) proposed non-convertible debentures
India Rating (19 January 2015)	IND A(exp)	Rs.5,000 million (US\$78.95 million) organised non-convertible debentures
CARE (05 November 2014)	CARE A*	Rs.5,000 million (US\$78.95 million) outstanding non-convertible debenture issue

<u>Rating Agency</u>	<u>Credit Rating</u>	<u>Instrument and Limit/Rating amount</u>
CARE (19 December 2014)	CARE A*	Rs.12,570 million (US\$198.48 million) of long-term facilities
CARE (19 December 2014)	CARE A1**	Rs.3,330 million (US\$52.58 million) of short-term facilities
CARE (08 December 2014)	CARE A1	Rs.4,000 million (US\$63.16 million) commercial paper programme
CARE (19 December 2014)	CARE A/CARE A1	Rs.6,200 million (US\$97.90 million) of long/ short-term facilities
CARE (22 January 2015)	CARE A	Rs.5,000 million (US\$78.95 million) Non-convertible debenture issue

* indicates “adequate degree of safety regarding timely servicing of financial obligations”.

** indicates “very strong degree of safety regarding timely servicing of financial obligations”.

Competition

In the roads business, revenues from existing toll roads are subject to competition from other roads that operate in the same area as well as from other modes of transportation. In addition, the Guarantor competes with a number of Indian and international infrastructure operators in acquiring both concessions for new road projects and existing projects. Principal competitors of the Guarantor in India are Ashoka Buildcon Limited, Gammon India Limited, GMR Infrastructure Limited, GVK Power Infrastructure Limited, IRB Infrastructure Developers Limited, Larsen & Toubro Limited, Punj Lloyd Limited, Reliance Infrastructure Limited and Sadbhav Engineering Limited. Further, certain SPVs face competition from other companies in their respective sectors and geographies. Further, the Guarantor competes with international conglomerates in the construction sector outside India, and companies with local presence in the respective geographies.

Insurance

The Guarantor’s principal types of insurance coverage include all-risk insurance policies, fire insurance, burglary and housebreaking insurance, office equipment insurance, and special contingency insurance. It also maintains general mediclaim policies for employees, consultants and their dependents. The Guarantor’s insurance policies may not be sufficient to cover economic losses.

For further details, see “*Risk Factors—The Guarantor’s current insurance coverage may not protect it from all forms of losses and liabilities associated with its businesses*”.

Employees

The Guarantor’s business operations are driven primarily by its employees. The Guarantor places significant emphasis on the recruitment and retention of its personnel and organises in-house and external training programmes for its employees. The Guarantor’s operations are spread across various jurisdictions, including Spain, Portugal and China. For further details, see “*Risk Factors—Labour laws in certain jurisdictions where the Guarantor operates are highly protective of employees, which may make it difficult and costly for the Guarantor to streamline its workforce in the event of an economic downturn*”.


Property and Equipment

Most of the assets that the Guarantor uses in various concessions do not belong to it. Generally, pursuant to the terms of the concession agreements, title to toll roads and related infrastructure such as toll plazas and monitoring posts remains with the concessioning authority for the duration of the concession period. During the concession period, the Guarantor is entitled to use the toll roads and the related infrastructure which comprise the concession assets and is entitled to the income therefrom. Upon the expiration of the concession period, the Guarantor is required to transfer these concession assets to the concessioning authority.

The Guarantor currently owns or leases a variety of property, primarily for office space, throughout India. Its registered and corporate office is leased to it by IL&FS.

Intellectual Property

The Guarantor maintains the ownership of, and controls the use of, its brands and products by means of intellectual property rights, including, trademarks.

The Guarantor operates primarily under the  brand name and logo, which is registered under classes 35, 36, 37, 39 and 42 under the Trade Marks Act, 1999. The Guarantor also applied for registration of the logos “ENJOY THE RIDE” and “enjoy the ride” under classes 35,36,37,39 and 42 under the Trade Marks Act, 1999.

Legal Proceedings

The Guarantor and its subsidiaries are parties to, and may become party to, certain suits and proceedings brought by government authorities and private parties. These suits and proceedings are currently pending at different stages of the adjudication process before different courts in India and elsewhere. Except as described below, the Guarantor and its material subsidiaries are not involved in any litigation, lawsuit, claim or proceeding which could reasonably be expected to have a material adverse effect on the Guarantor’s business, financial condition or operations. Regardless of the outcome, litigation can have an adverse impact on the Guarantor because of defence and settlement costs, diversion of management resources and other factors.

For the purpose of this section: “material and adverse effect on the Guarantor’s business, financial condition or operations” means pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds US\$5,000,000; and (b) any other litigation which could reasonably be expected to result in a material and adverse effect on the Guarantor’s business as a whole, if decided against it; and “material subsidiaries” means subsidiaries which contribute more than 5 per cent. of either revenue or profit after tax or assets of the Guarantor.

Legal Proceedings by the Guarantor (civil)

The Guarantor filed a petition on 12 October 2012 before the Company Law Board, Northern Region Bench, New Delhi against Regional Airport Holdings International Limited (“**RAHI**”), RAHI Aviation Holdings Private Limited (“**RAH**”), Mr. Umesh Kumar Baveja, Gulbarga Airport Developers Private Limited (“**GADPL**”) and Shimoga Airport Developers Private Limited (“**SADPL**”) under, *inter alia*, sections 397 and 398 of the Companies Act, 1956, alleging various acts of oppression and mismanagement by RAH and Mr. Baveja in respect of the affairs of RAHI and consequently GADPL and SADPL. RAHI is a company promoted by RAH and Mr. Umesh Kumar Baveja. RAHI holds 22 per cent. equity stake in GADPL and SADPL which are special purpose vehicles undertaking the development of airports in Gulbarga and Shimoga respectively, in the state of Karnataka.

Pursuant to a shareholders’ agreement dated 12 March 2010 entered into between RAH and the Guarantor (with RAHI as a confirming party), the Guarantor subscribed to 40 per cent. of the equity share capital of RAHI and remitted subscription amount of Rs.200 million towards 20,00,000 shares of Rs.10 each at a premium of Rs.90 each. As at the date of this Offering Circular, no shares of RAHI have been allotted to the Guarantor and the consideration for the subscription is shown as advance towards share application money in the books of accounts of the Guarantor.

A payment of Rs.30.80 million was made by the Guarantor on behalf of GADPL, to settle overdue interest payable by GADPL, at the request of certain lenders of GADPL. GADPL has, however, not acknowledged payment of the said amount. Pursuant to a letter dated 5 April 2013, to the Guarantor by IL&FS Airports Limited (“**IAL**”), a Group company, the said amount is shown as receivable from IAL under the head ‘Short Term Loans and Advances’ in the balance sheet of the Guarantor as of the nine-month period ended 31 December 2013.

By orders dated 10 April 2013 and 10 May 2013, the Company Law Board directed RAHI, RAH and Mr. Baveja to allow an audit to be conducted of RAHI by an auditor and also directed RAHI to provide the Guarantor the right to inspect the financial statements and accounts of GADPL and SADPL (“**CLB Orders**”). On 8 June 2013, Mr. Baveja, RAHI and RAH filed an appeal before the High Court of Delhi against the CLB Orders (“**Delhi High Court Appeal**”). The Delhi High Court Appeal was dismissed by the Delhi High Court pursuant to order dated 30 September 2013 (“**Delhi High Court Order**”). Mr. Baveja, RAHI and RAH filed an appeal against the Delhi High Court Order before the Supreme Court of India. No stay of the Delhi High Court Order was granted by the Supreme Court. The appeal is currently pending, and the matter has been adjourned to 12 March 2015. GADPL and SADPL also filed appeals before the High Court of Andhra Pradesh against the CLB Orders (the “**GADPL and SADPL Appeals**”). On 4 June 2013, the High Court of Andhra Pradesh granted a stay of the CLB Orders so far as they relate to GADPL for a period of four weeks. The GADPL and SADPL Appeals have been dismissed by the High Court of Andhra Pradesh pursuant to an order dated 29 November 2013.

On 8 October 2012, the Guarantor was served with a petition filed by RAH before the High Court of Delhi for appointment of an arbitrator to adjudicate the disputes between RAH and the Guarantor pursuant to the arbitration clause in the shareholders agreement entered into between the parties (the “**Arbitration Petition**”). The Guarantor has challenged the maintainability of the Arbitration Petition and the matter is currently pending. The next date of hearing is 24 April 2015.

In July 2013, RAH also filed a petition before the High Court of Delhi under section 9 of the Arbitration Act, 1996 against the Guarantor seeking the Guarantor to deposit a sum of Rs.15,000 million or provide a bank guarantee in this amount to secure RAH’s claim pending the commencement of arbitration proceedings and for the Guarantor not to alienate, transfer or encumber its immovable properties until such security is provided. RAH has also sought *ad interim* relief seeking the Guarantor to disclose details of its immovable properties and restraining the Guarantor from creating any encumbrances on such properties. The matter is currently pending. The next date of hearing is 24 April 2015.

On 17 August 2014, the Guarantor filed a writ petition before the High Court of Karnataka against the Government of India and state of Karnataka, SADPL and another to restrain the State Government of Karnataka (“**GoK**”) from invoking bank guarantees to the extent of Rs.123.70 million given by the Guarantor for allotment of land to SADPL for the Shimoga airport project. However, since the bank guarantee was invoked by GoK in December 2014, the High Court disposed off the petition and directed to file a fresh petition seeking return of the guarantee.

The Guarantor also filed a writ petition on 27 June 2014 before the High Court of Karnataka against the Government of India and state of Karnataka, GADPL and another seeking return of monies under the bank guarantee to the extent of Rs.96.90 million given by the Guarantor for allotment of land to GADPL for the Gulbarga airport project.

The Guarantor filed a criminal complaint on 24 March 2014 against Mr. Sandeep Mendiratta, Mr. Umesh Baveja and others for allegedly defrauding the Guarantor by inducing it to invest in RAHI by misrepresenting to the Guarantor regarding, *inter alia*, their experience in developing airport projects and the viability of the Gulbarga and Shimoga airport projects and for allegedly siphoning off money from GADPL and SADPL. The complaint is currently pending.

Legal Proceedings against the Guarantor

There are no outstanding legal proceedings against the Guarantor that could reasonably be expected to have a material adverse impact on the Guarantor’s business, financial condition or operations.

Legal Proceedings against the Guarantor’s material subsidiaries

There are no outstanding legal proceedings, which are material in nature, involving any of the Guarantor’s material subsidiaries as on the date of the Offering Circular, except as disclosed below:

Jharkhand Road Projects Implementation Company Limited (“**JRPICL**”)

Case 1

Lohardaga Educational & Cultural Society filed a public interest litigation dated 28 August 2012 (“**PIL**”) before the High Court of Jharkhand at Ranchi against (1) State of Jharkhand, (2) JARDCL, (3) JRPICL (4) IL&FS, and (5) Deputy Secretary, Road Construction Department, Government of Jharkhand seeking, *inter alia*, to quash a letter dated 1 August 2011 issued by the Road Construction Department of the state of Jharkhand awarding a contract for construction of a four lane road at Adityapur-Kandra highway (“**Project**”) to JRPICL, to restraint JRPICL from continuing with the Project and to direct the Central Vigilance Commission to enquire into the award of the Project. The PIL alleged that the manner in which the Project was awarded was arbitrary and not as per the rules laid down in this regard. The counter affidavits by the State Government of Jharkhand and JRPICL were filed on 5 February 2013 and 26 February 2013, respectively. On 9 May 2014, a hearing was fixed but due to non-appearance of the advocate of Lohardaga Educational & Cultural Society, the matter was not taken up. The matter is currently pending.

Case 2

Sadbhav Engineering Limited (“**SEL**”) has commenced an arbitration proceeding against JRPICL in relation to certain disputes arising out of two ‘contract agreements’ dated 16 October 2009, pursuant to which JRPICL had engaged SEL to undertake the construction works of the Ranchi Ring Road Project. SEL has, in its statement of claims filed before the arbitral tribunal, claimed an aggregate amount of Rs.2,380.2 million under various heads,

among others increased cost of execution of project, interest charges on delayed payments, contract variations and bonus. JRPICL has, separately, filed a counter claim against SEL for an amount of Rs.442.40 million, towards, *inter alia*, loss of bonus and failure to complete certain 'punch list' items by SEL. The matter is currently pending.

North Karnataka Expressway Limited ("NKEL")

Case 1

The Assistant Commissioner of Income Tax ("**ACIT**"), Mumbai as directed by the Commissioner of Income Tax passed an order under section 263 read with section 143(3) dated 23 December 2010 disallowing depreciation claim on the road of Rs.599.93 million and not given amortisation of the cost of construction of the road for the assessment year 2005-06 *inter alia* on the ground that the road is constructed on BOT basis and is not owned by the assessee ("**ACIT Order**"). NKEL filed an appeal on 18 January 2011 before the Commissioner of Income Tax (Appeals) ("**CIT-A**") against the ACIT Order. The CIT-A passed an order dated 11 April 2012 allowing amortisation of the cost of construction of the road of Rs.374.60 million and disallowed depreciation claimed of Rs.599.93 million by NKEL ("**CIT-A Order**"). NKEL has filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**"), Mumbai on 25 June 2012 against the CIT-A Order to claim depreciation and the department has filed an appeal on 13 July 2012 before the ITAT. The matter is currently pending.

Case 2

The ACIT, Mumbai passed an order under section 143(3) dated 30 December 2008 against NKEL disallowing Rs.539.28 million and allowing amortisation of the cost of construction of Rs.374.60 million for the assessment year 2006-07 *inter alia* on the ground that depreciation has been wrongly claimed on the road constructed on BOT basis which is not owned by the assessee ("**ACIT Order**"). NKEL filed an appeal on 27 January 2009 before the CIT-A, Mumbai against the ACIT Order. The CIT-A passed an order dated 11 April 2012 allowing amortisation of the cost of construction of road of Rs.374.60 million and disallowing the depreciation claimed of Rs.539.28 million by NKEL ("**CIT-A Order**"). NKEL has filed an appeal before the ITAT, Mumbai on 25 June 2012 against the CIT-A Order to claim depreciation. The matter is currently pending.

Elsamex S.A

Case 1

Elsamex S.A. ("**Elsamex**" or "**Claimant**") filed investment arbitration proceedings for a claim for damages against the Republic of Honduras ("**Honduras**") before the International Centre for Settlement of Investment Disputes ("**ICSID**"). The claim was in relation to a breach in the contract that was awarded by Elsamex to Honduras in relation to maintenance and road rehabilitation. The arbitration was concluded when the sole arbitrator appointed by ICSID issued an award on 16 November 2012, directing Honduras to pay Elsamex US\$8,285,224.59 in the form of damages. On 15 March 2013, Honduras filed a petition of annulment against the said award alleging various procedural defects made by the sole arbitrator during the procedure. The matter is pending before the Annulment Ad Hoc Committee. The matter has now been resolved pursuant to an extrajudicial agreement between Elsamex and Honduras, pursuant to which, Honduras has agreed to pay US\$7,500,000 to Elsamex. Information regarding resolution of this dispute will be communicated to ICSID shortly.

Case 2

On 22 June 1993, Elsamex S.A. was awarded with the contract for technical assistance works to the Construction Direction of Belate Tunnel project (Navarra) amounting to €1,016,218.31. The contract was signed between Elsamex and Navarra Regional Government on 2 August 1993. During the construction of the project, various landslides occurred within the tunnel and the Navarra Regional Government commenced an investigation on 6 March 2001 to determine and assess liabilities for the same. Such investigation was concluded on 26 October 2007 declaring joint and several liability of the construction company and Elsamex. Elsamex filed contentious administrative proceedings against the previous decision before the Higher Court of Justice in Navarra which was closed with a judgment on 24 July 2013. An appeal has been filed in the Spanish Supreme Constitutional Court by Elsamex.

Elsamex Internacional, S.L.U. (Columbia)

Elsamex Internacional, S.L.U. (Columbia) ("**Elsamex Columbia**") entered into a joint venture with three other parties to act as co-contractors in the construction of roads. Elsamex Columbia holds 75 per cent. of this joint venture. The name of the joint venture company is Temporal Union of Road Corridors of Columbia. Fiscal Trials and the Coercitive Jurisdiction of Nariño Departmental Management of the General Account Controller of the

Republic initiated a preliminary fiscal inquiry on 23 April 2009 in order to obtain confirmation about the existence of the alleged irregularities against the contractor Temporal Union of Road Corridors of Colombia and the Auditor Consultecnicos S.A. On 30 October 2009, the preliminary investigation was concluded and instead a new fiscal responsibility process was initiated (“**Fiscal Responsibility**”) for alleged damages to the Treasury estimated at US\$10,845,373,417.75 and to declare Temporal Union of Road Corridors of Colombia as alleged suspects among others. On 11 August 2010, Nariño Territorial Jurisdiction was appointed as competent authority to carry out inspection of the work and act as supervisor of the contract and to perform a reassessment of existing damage. The matter is currently pending.

Elsamex Internacional, S.L.; Conciviles, S.R.L.

Elsamex Internacional, S.L. (“**EISL**”) is a Spanish company with several investments in the Dominican Republic, and therefore requires to have a delegate/manager/representative in the country. José Francisco Rodríguez Sanz (“**José**”) was appointed as EISL’s manager. EISL entered into a consortium called Consorcio De Obras Civiles, S.R.L. (Conciviles) (“**CDOCS**”) with Grupo De Contrataciones Y Contratas, S.A. (“**Grucon**”) and Marrero Vinas & Asociados, C. Por A. and José was appointed as the head of this consortium. José stopped filling certain reports that are required of EISL in relation to its investments and other work in the region and due to this José was dismissed from EISL and the consortium. Following the dismissal of José and after the appointment of a new manager of CDOCS, certain irregularities in conducting a financial audit of the operations of CDOCS were discovered, due to the absence of records, information and documents, and because of that information revealed that the operational, financial and accounting activities were not being registered or duly informed by José.

After the review of the accounting and financial operations of CDOCS, certain irregularities appeared, including:

- the existence of a credit assignment agreement signed between CDOCS and Constructora Serconsa, S.A, dated 26 April 2012 for the amount of Pesos295,000,000.00 in relation to the implementation of projects with international financing in the category of “roadworks”. This agreement was made without any title that allows validation, and there is no compensation given by Constructora Serconsa, S.A, which makes it an obligation without cause and therefore should lead to nullity. CDOCS filed a civil lawsuit on 10 September 2013 in order to nullify the credit assignment agreement. The matter is currently pending.
- the existence of a credit assignment agreement signed between CDOCS and Inversiones Skygate, S.R.L, dated 8 August 2012 for the amount of Pesos100,000,000.00 in relation to the implementation of projects with international financing in the category of “sports”. This agreement was made without any title that allows validation, and there is no compensation given by Inversiones Skygate, S.R.L, which makes it an obligation without cause and therefore should lead to nullity. EISL and CDOCS filed a civil lawsuit on 28 August 2013 in order to nullify the credit assignment agreement. The matter is currently pending.
- the existence of a credit assignment agreement signed between CDOCS and Construcciones Y Diseños Rmn, S.R.L., dated 10 August 2010 in the amount of Pesos242,874,812.21 in relation to the implementation of projects with international financing in the category of “sports”. This agreement was made without any title that allows validation, and there is no compensation given by Construcciones Y Diseños Rmn, S.R.L., which makes it an obligation without cause and therefore should lead to nullity. EISL and CDOCS filed a civil lawsuit on 26 September 2013 in order to nullify the credit assignment agreement. The matter is currently pending.
- the existence of two credit assignment agreements signed between Grucon, dated 20 April 2012 and 16 May 2012, in the total amount of Pesos188,371,376.57 in relation to the implementation of projects with international financing in the categories of “roadworks” and “sports”. These agreements were made without any title that allows validation, and there is no compensation given by Grupo De Contrataciones Y Contratas, S.A., which makes it an obligation without cause and therefore should lead to nullity. EISL and CDOCS filed a civil lawsuit on 12 December 2013 in order to nullify the credit assignment agreements. The matter is currently pending.

Legal Proceedings against the Guarantor’s Promoters (criminal)

Criminal Complaint filed by Vishwanath Pujari

Mr. Vishwanath Pujari (the “**Complainant**”), a former client of IL&FS Financial Services Ltd (“**IFIN**”), a IL&FS Group company, who had availed a loan from IFIN against pledge of shares, filed a private criminal complaint on 28 September 2012 before the Chief Metropolitan Magistrate Court, (“**CMM**”) Bangalore, against IFIN and its key management personnel including Mr. Hari Sankaran, Mr. Ravi Parthasarathy, Mr. Vibhav Kapoor and Mr. Arun Saha in his capacity as Director of IFIN, alleging offences under the Indian Penal Code (the “**Complaint**”). The Complainant alleged that the enforcement and sale of security by the lender, IFIN,

amounted to a dishonest misappropriation of shares of the Complainant and cheating. This Complaint was filed after the Complainant failed to secure any relief in civil proceedings against IFIN seeking to restrain IFIN from selling securities pledged by the Complainant.

In response to the Complaint, IFIN moved the High Court of Karnataka (“**HC**”) under section 482 of the Criminal Procedure Code seeking to quash the Complaint. On 18 January 2014, the HC allowed the appeal and quashed the criminal proceedings against Mr. Hari Sankaran and other/key management personnel of IFIN and others except Mr. Ravi Parthasarathy (as a party in representative capacity as Chairman of IFIN) and Mr. Ramesh Bawa (in a representative capacity as Managing Director and Chief Executive Officer of IFIN).

As there were no reasons assigned in the order for not discharging Mr. Ravi Parthasarathy and Mr. Ramesh Bawa, IFIN filed a Special Leave Petition (“**SLP**”) before the Supreme Court of India against the HC order, pleading, among other things, operational remoteness and the non-involvement of Mr. Ravi Parthasarathy and Mr. Ramesh Bawa in the day to day affairs of IFIN, and also that no prima facie case or cognizable offence was made out against the said Directors and that the allegations did not disclose commission of an offence under Indian Penal Code as the subject matter in essence was a contractual dispute. On 29 January 2014 the Supreme Court of India took IFIN’s arguments into account and granted an unconditional stay of the operation of HC order against Mr. Ravi Parthasarathy and Mr. Ramesh Bawa until final disposal of the case.

The Complainant also preferred a SLP to Supreme Court of India challenging the order of HC in so far as it had quashed proceedings against Mr. Hari Sankaran and other key management personnel of IFIN and others. The Supreme Court of India now directed both SLPs (that is, SLP filed by IFIN and the SLP filed by the Complainant) to be listed for hearing while ordering that in the meantime the proceedings in the Complaint before CMM, Bangalore shall remain stayed. In November 2014, Supreme Court of India had granted leave in both SLPs and admitted them. Both SLPs will be decided by Supreme Court of India after final hearing.

In view of the admission of SLPs and stay granted by Supreme Court of India is in operation, the proceedings before CMM, Bangalore (against Mr. Hari Sankaran and others) are stayed till further orders from Supreme Court of India.

Criminal Complaint against Mr. Ravi Parthasarathy — Elsamex S.A

Case 1

Mr. Ravi Parthasarathy, a director is also a non-executive Chairman of Elsamex S.A. (“**Elsamex**”). Elsamex is a Spanish company that is a 100 per cent. subsidiary of the Guarantor. The Guarantor acquired Elsamex on 18 March 2008 and Mr. Ravi Parthasarathy was appointed as a non-executive Chairman of Elsamex on 20 April 2009. As the chronology of events below sets out, the trigger for the private criminal complaint against the named directors of Elsamex, *inter alia*, Mr. Parthasarathy significantly predates both the acquisition of Elsamex by the Guarantor and the appointment of Mr. Parthasarathy as non-executive Chairman of Elsamex. As the events below explain, Elsamex under the management of the Guarantor had nothing to do with the facts underlying this dispute, because the Guarantor acquired Elsamex well after the issues relating to the said criminal complaint.

The said criminal complaint originates in a civil dispute under a contract for civil construction works in 2005 entered into between Elsamex and a company named Pacadar S.A (“**Pacadar**”), a former client of Elsamex.

In 2006, Elsamex initiated a civil dispute before the Courts of Madrid against its former client Pacadar for certain invoices raised by Elsamex that were paid by Pacadar in 2005 and 2006. Aggrieved by the outcome of the civil dispute, Pacadar commenced criminal proceedings against Mr. Parthasarathy in November 2014. As mentioned above, the Guarantor’s acquisition of Elsamex on 18 March 2008 and Mr. Parthasarathy’s assumption of office as non-executive Chairman of Elsamex on 20 April 2009 were substantially after the events which occurred in 2005 and 2006. None of the actions of either Elsamex under its new management, or of its non-executive Chairman Mr Parthasarathy had anything to do with the foregoing civil and criminal dispute. For the sake of completeness, further details of the said civil and criminal disputes are provided below.

Case 2

On 21 November 2014, Elsamex received a Notice of Deposition (“**Notice of Deposition**”) for Mr. Parthasarathy, requiring Mr. Parthasarathy to depose before an Investigation Court in Madrid with respect to investigation proceedings in a complaint that had been filed before the said Court. The Notice of Deposition was issued to Mr. Parthasarathy in his capacity as current non-executive Chairman of Elsamex.

The Notice of Deposition dated 21 November 2014 relates to a private criminal claim filed before Investigation Court 24 in Madrid by Pacadar challenging certain invoices raised by Elsamex that were paid by Pacadar in 2005

and 2006. The said Notice of Deposition sought information on whether Mr. Parthasarathy has, or had, any knowledge or participation in the subject matter of the investigation referred to in the said notice.

Formal notice requiring Mr. Parthasarathy to depose before the Investigation Court was received by Elsamex only on 21 November 2014. Under Spanish law, a criminal proceeding only commences once a court issues a notice of deposition to the persons concerned.

A judicial resolution passed by the Court on 27 January 2015 notified that the deposition of Mr. Ravi Parthasarathy should not be scheduled till the completion of deposition of other witnesses, and that the Court would subsequently decide on the deposition of Mr. Ravi Parthasarathy in accordance with international treaties after hearing the witnesses. Pursuant to this resolution, an independent expert on behalf of Pacadar was notified to ratify in the criminal proceedings, the statements made in civil proceedings filed in 2006 and attest the signatures in the invoices. The deposition of the witnesses requested by Pacadar concluded that the invoices were not connected to Mr. Parthasarathy, and that Mr. Parthasarathy was not involved with Elsamex when the concerned invoices were issued, thereby vindicating his position.

Show Cause Notice issued by SEBI

SEBI had issued show cause notices dated 13 January 2014 against Mr. Ravi Parthasarathy, Mr. Vibhav Kapoor and Mr. Arun Saha (“**Noticee**”), and certain other named individuals in their capacity as erstwhile Directors (and in the case of Mr. Parthasarathy, Chairman) of Investsmart India Ltd (“**IIL**”), a former subsidiary of Infrastructure Leasing & Financial Services Ltd, that was engaged in retail and institutional stock broking. IIL was acquired by HSBC Group in 2008.

The show cause notices have been issued under various sections of SEBI Act, 1992 read with SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 and the Securities and Exchange Board of India (Stock Broker and Sub-Broker) Regulations, 1992. SEBI had alleged that certain trades executed by IIL as a broker for and on behalf of its client were synchronised/structured trades of a company known as Adani Exports Limited (“**AEL**”). The trades under investigation pertain to a period from January 1999 to February 2001 and more specifically, the trades under scrutiny were conducted on 14 December 2000 and 27 December 2000.

The Noticee responded vide a reply to the show cause notice on 13 March 2014, setting out *inter alia* on the following key defences:

- (i) Noticee was not involved in the day to day managerial decisions of IIL and the trading operations of IIL were under the supervision of professional managers;
- (ii) no corroborating evidence has been produced and/or demonstrated by SEBI that would suggest the involvement of Noticee; and
- (iii) IIL had complied with its obligations as a selling broker, and the trades executed by IIL were genuine trades in the normal course of business, in a bona fide manner and in accordance with the applicable law.

The investigation is pending with SEBI.

Criminal Case filed by Oman International Bank

Oman International Bank SAOG (“**Oman Bank**”) filed a private criminal complaint before Additional Chief Metropolitan Magistrate Court at 47th Court, Esplanade, Mumbai on 2 December 2010 against Iridium India Telecom Ltd, Infrastructure Leasing & Financial Services Ltd, Mr. Ravi Parthasarathy and the then directors and employees of Iridium India Telecom Ltd, alleging that a Letter of Support dated 7 April 1999 was issued by Infrastructure Leasing & Financial Services Ltd, misrepresenting the financial position of Iridium India Telecom Limited to which Oman Bank had sanctioned Short Term Loan of Rs.100 million. The said Court had directed the police to investigate into the matter. The Police had concluded their investigation and submitted their report on 30 July 2012 stating that the allegations of Oman Bank are neither “True nor False”, classified the case under “**C**” **Summary** and the Police had further stated that the complaint was filed on a misunderstanding by Oman Bank. As at the date of this Offering Circular no order is passed by the Court framing any Criminal charges against Mr. Ravi Parthasarathy or others referred in the said private complaint by the said Court.

Challenging the said report of police Oman Bank filed a protest petition before the Court, IL&FS also moved an application for impleadment. Both the said matters are posted to 7 April 2015 for final arguments.

Litigation against K. Ramchand

K. Ramchand was a director of IL&FS Engineering & Construction Company Ltd (“**IECCL**”) (erstwhile Maytas Infra Limited). In connection with the aborted Maytas Infra Limited deal with by the then Satyam Computer Services Ltd.:

- (1) Serious Fraud Investigation Office (“**SFIO**”) carried out inspection under section 209A of the Companies Act, 1956 in January/February 2009;
- (2) Registrar of Companies carried out inspection under section 209A sought certain information under section 234 of the Companies Act;
- (3) Criminal Investigation Department of Government of Andhra Pradesh had conducted search and seizure operation in Cr.No.2/2009 in January 2009;
- (4) Ministry of Corporate Affairs, Government of India has filed a Petition in Company Law Board for complete supersession of the Board of Maytas Infra Ltd. and for declaring the Directors not eligible to be directors of any other Company; and
- (5) SEBI had issued a notice on Maytas Infra Limited dated 19 June 2009 for alleged insider trading by Maytas Infra Limited in the scrip of Satyam Computers Services Ltd. in the years 2001-02 and 2004-05 which the present Management became aware in February 2013.

However, the Promoter Directors including K. Ramchand on the Board of IECCL are immune from the above proceedings in terms of Company Law Board order dated 31 August 2009.

Litigation against R.C. Sinha

Litigation involving or proceedings initiated for economic offences:

- (i) SFIO, Ministry of Corporate Affairs has filed before the Court of Hon’ble Special Judge for Economic offences at Hyderabad, criminal complaints under section 621 of the Companies Act, 1956 alleging offences under sections 211, 217, 292, 295 and 297 of the Companies Act, 1956 in Maytas Infra Limited (now known as IECCL) pertaining to the period when R.C. Sinha was a director in Maytas Infra Limited, and applications under section 473 of the Code of Criminal Procedure, 1973 to condone the delay in filing the said criminal complaints. The condonation of delay petition filed by SFIO was allowed, pursuant to which R.C. Sinha filed a review petition. This review petition was dismissed, and the proceedings in criminal complaints shall continue.
- (ii) Union of India, New Delhi has filed a Petition in Company Law Board, New Delhi, under sections 388B/397/398/401/402 and 403 read with 406/408 of the Companies Act, 1956 against Maytas Infra Limited and all its then Directors including R.C. Sinha, *inter-alia*, praying to declare that none of the Directors shall be eligible for appointment as Director in any other company.

Hardas against IL&FS Limited

Hardas filed a civil suit before the Civil Judge Senior Division, GautamBudh Nagar, Uttar Pradesh, against (1) State of Uttar Pradesh, (2) Adhishashi Abhiyanta Head Work Khand, Agara, (3) New Okhala Industrial Development Authority, (4) IL&FS, and (5) Noida Toll Bridge Project Company Ltd. (“**NTBPCL**”). The suit is filed for a declaration from the Court to declare the concession agreement dated 2 November 1997 between Noida and IL&FS as void as contrary to the Supreme Court Judgment “HinchalTwarivs Kamala Devi and Others”.

IL&FS have filed the written statement on 12 August 2013. On 21 October 2013 the Court has passed an order rejecting the preliminary objections raised by the defendants on jurisdiction of the Court and cause of action. NTBPCL has filed an appeal against the said order before the District Court. The matter is now listed for further proceeding on 16 March 2015.

DIRECTORS AND SENIOR MANAGEMENT

Directors

The board of directors (“**Board**”) is responsible and has general powers for the management and conduct of the business of the Guarantor. The day-to-day execution of the Board’s policies and strategies is delegated to the Guarantor’s management. The following sets forth certain information with respect to the Guarantor’s directors and other senior management as of the date of this offering memorandum.

Under its articles of association, the Guarantor is required to have not less than three directors and not more than eighteen directors. There are currently 12 Directors on the Board.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At the annual general meeting of the Guarantor, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring Director is eligible for re-election. The quorum for meetings of the Board is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

Name	Age (years)	Title	Term
Mr. K. Ramchand	60	Managing Director	Up to 31 March 2018
Mr. Mukund Gajanan Sapre	55	Executive Director	Up to 31 March 2018
Mr. Deepak Dasgupta	72	Chairman, Non-executive, Independent Director	Up to 31 March 2019
Mr. Hari Sankaran	54	Non-executive, non- Independent Director	Retire by rotation
Mr. Ravi Parthasarathy	62	Non-executive, non- Independent Director	Retire by rotation
Mr. Arun K. Saha	62	Non-executive, non- Independent Director	Retire by rotation
Mr. Ramesh Chandra Sinha	76	Non-executive, Independent Director	Up to 31 March 2019
Mr. H.P. Jamdar	70	Non-executive, Independent Director	Up to 31 March 2019
Mr. Pradeep Puri	58	Non-executive, non- Independent Director	Retire by rotation
Mr. Vibhav Kapoor	59	Non-executive, non- Independent Director	Retire by rotation
Mr. Deepak Satwalekar	65	Non-executive, Independent Director	Up to 31 March 2019
Ms. Neeru Singh	57	Non-executive, Independent Director	Up to 10 November 2019

The business address of the Board of the Guarantor is The IL&FS Financial Centre, Plot No. C 22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India.

A brief description of the experience and present employment of each of the Guarantor’s Directors is provided below.

Mr. K. Ramchand, 60 years, is the Managing Director of the Guarantor and has been associated with the IL&FS Group since 1994. He holds a bachelor’s degree in civil engineering from Madras University and a post graduate degree in development planning from the School of Planning, Ahmedabad and has over 31 years of experience in urban and transport infrastructure development sector and has been involved in a large number of private infrastructure initiatives including the successful commissioning of various toll road projects in Gujarat and for the National Highways Authority of India.

Mr. Ramchand in his role as chief executive officer (infrastructure) of the IL&FS Group is associated with various initiatives in infrastructure, including special economic zones and maritime assets. Mr. Ramchand is also a member of the management board of IL&FS. Prior to joining IL&FS, he was associated with the operations research group, Dalal Consultants, Mumbai Metropolitan Region Development Authority and City and Industrial Development Corporation of Maharashtra Limited.

Mr. Mukund Gajanan Sapre, 55 years, is an Executive Director of the Guarantor and has been associated with the IL&FS Group since 1992. He holds a bachelor’s degree in civil engineering, a diploma in systems management and a diploma in financial management. He has over 28 years of experience in the industry.

Prior to joining the Guarantor, he was involved with international projects in the Philippines, Indonesia, Mexico and Spain and has played a vital role in implementing the 'High Speed Rail Project' and evaluating the 'Cargo Airport Project' in Mexico. He has also been previously associated with Engineers India Limited as its deputy manager during the period from 1984 to 1992 and with Gammon India Limited as an assistant engineer during the period from 1980 to 1984.

Mr. Deepak Dasgupta, 72 years, is the Chairman and non-executive, Independent Director of the Guarantor. He holds a bachelors' degree and a master's degree in science from the Delhi University. He is a retired Indian Administrative Services officer with over 36 years of experience during which he has headed various departments of government of Haryana and the Government of India including those related to infrastructure development and policy formulation.

He has served as the chairman of the National Highways Authority of India for more than five years and has also served as an advisor to the Asian Development Bank on consulting assignments. He has served as a member of the senior expert committee of IDFC Private Equity Fund and the Special Task Force on Bihar.

Mr. Ravi Parthasarathy, 62 years, is a non-executive, non-Independent Director of the Guarantor and has been associated with the Guarantor since 6 January 2001 and the IL&FS Group since 1988. He holds a bachelor's degree in science from the University of Mumbai and a post-graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. He is at present the Chairman of the IL&FS Group. Prior to joining the IL&FS Group, he served 20th Century Finance Corporation Limited, a financial services company, as its executive director.

Mr. Hari Sankaran, 54 years, is a non-executive, non-Independent Director of the Guarantor. Mr. Sankaran has been associated with the Guarantor since 29 November 2000 and with the IL&FS Group since 1990. Mr. Sankaran holds a Master's degree in Economics from the London School of Economics & Political Science.

As vice chairman and managing director of IL&FS, he has been instrumental in developing and overseeing the business of the Group. Mr. Sankaran has over 27 years of experience in research, project development, structuring, management and financing. He has been closely involved in the implementation of all the IL&FS group infrastructure projects. Mr. Sankaran has participated in various High Powered Committees set up by Government of India for policy and legal reforms including as the Chairman of the FCCI Infrastructure Committee.

Mr. Arun K. Saha, 62 years, is a non-executive, non-Independent Director of the Guarantor and has been associated with the IL&FS Group since 1988. He holds a master's degree in Commerce from the University of Calcutta and is an associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. Saha is presently the joint managing director and chief executive officer of IL&FS and oversees activities relating to finance, operations, credit compliance and risk management of the IL&FS Group, including activities in the areas of financial services, infrastructure, asset management, distribution and management of retail assets and liabilities.

Mr. Ramesh Chandra Sinha, 76 years, is a non-executive, Independent Director of the Guarantor. He is a retired officer of the Indian Administrative Services. He holds a bachelor's degree in law, master's degree in economics from Lucknow University and a postgraduate degree in urban development from the London University.

Prior to joining the Guarantor, he has served in various departments and worked in ministries of the Government of Maharashtra, including as Collector, District Magistrate, Secretary and Additional Chief Secretary. He has also served as the Joint Secretary, Ministry of Information & Broadcasting, Government of India. During his tenure with the Government of Maharashtra, Mr. Sinha was appointed as the vice-chairman and managing director of Maharashtra State Road Transport Corporation Limited, City Industrial Development Corporation of Maharashtra Limited, vice-chairman and managing director of Maharashtra State Road Development Corporation Limited, during which time the Mumbai-Pune Expressway project was executed and also as vice-chairman and managing director of Maharashtra Airport Development Company Limited.

Mr. H.P. Jamdar, 70 years, is a non-executive, Independent Director of the Guarantor. He holds a bachelor's degree in civil engineering from Gujarat University. Mr. Jamdar has headed various departments of the Government of Gujarat including as Secretary and Principal Secretary. During his tenure with the Government of Gujarat, Mr. Jamdar was appointed as chairman of various state owned corporations, especially in the roads and ports sector. He has served as the president of Indian Roads Congress and the Institution of Engineers (India) and also as the vice-president of FIESCA.

Mr. Pradeep Puri, 58 years, is a non-executive, non-Independent Director of the Guarantor. He holds a bachelor's and a master's degree in History from Delhi University. He is a retired officer of the Indian

Administrative Service. He previously worked in the Ministry of Commerce and the Department of Economic Affairs, Ministry of Finance, Government of India, dealing with International Trade and Investment. At present, he is the chief executive officer of Model Economic Township Company Limited.

Mr. Vibhav Kapoor, 59 years, is a non-executive, non-Independent Director of the Guarantor. He has been associated with the Guarantor since 10 December 2004. Further, he is associated with IL&FS as its group chief investment officer since 1 July 2002 and is responsible for group human resources policies and their implementation. He holds a bachelor's degree in arts and a master's degree in business administration from the Himachal Pradesh University, Shimla. Further, he was associated with the merchant banking division of ANZ Grindlays Bank as a portfolio manager during the period from 1987 to 1988 and as the in-charge of the corporate finance and equity research department of Unit Trust of India during the period from 1979 to 1986.

Mr. Deepak Satwalekar, 66 years, is a non-executive, Independent Director of the Guarantor. He holds a bachelors' degree in technology from the Indian Institute of Technology, Mumbai and a master's degree in business administration from the American University, Washington, DC. Prior to joining the Guarantor, he served as managing director and chief executive officer of HDFC Standard Life Insurance Company Limited since 2000. He has also been the managing director of HDFC since 1993. Mr. Satwalekar is currently on the board of trustees of Isha Vidhya and Teach to Lead, organisations engaged in the field of primary education for the low income and socially disadvantaged members of society in rural and urban India. He is also advising a company which is establishing a network of BPO companies in rural areas across the country. He is a recipient of the Alumnus Award from the Indian Institute of Technology, Mumbai and serves on the advisory council of the institute.

Ms. Neeru Singh, 57 years, is a non-executive, Independent Director of the Guarantor. She is a member of the 1982 batch of the Indian administrative services. She holds a bachelors' degree in arts from the University of Delhi, a masters' degree in international relations and a master's degree in philosophy from Jawaharlal Nehru University, Delhi. Prior to joining the Guarantor, she worked with the United Nations, was the chairperson of the board of governors of the International Community School of Addis Ababa, Ethiopia and was a member of the North American Board of the International Association of Human Values. She is currently a member of the member of the advisory committee on CSR projects for Tata Motors Limited in Indonesia.

Key Senior Management

A brief description of the experience and present employment of each of the Guarantor's senior managerial personnel is provided below.

Mr. George Cherian, aged 66 years, is the Chief Financial Officer of the Guarantor. He is responsible for framing of financial policies and managing the financial affairs of the Guarantor. He is an associate member of the Institute of Chartered Accountants of India. He has over 39 years of experience in accounting and finance.

Mr. Krishna Ghag, aged 56 years, is the Vice President and Company Secretary of the Guarantor. He is responsible for the secretarial and compliance related functioning in the Guarantor. He holds a bachelor's degree in commerce and in law from the University of Bombay. He is a fellow member of the Institute of Company Secretaries of India. He has over 30 years of experience in secretarial and compliance related matters.

Mr. Harish Mathur, aged 64 years, is the Technical Director of the Guarantor. He holds a master's degree in highways engineering from the Departments of Highways, Birmingham University, United Kingdom. He has more than 33 years of managerial and professional experience in management of road construction projects.

S. C. Mittal, aged 55 years, is the Chief Executive of the Guarantor and is currently the Senior Vice President at its design office in Ahmedabad. He holds a bachelor of technology degree in civil engineering from Kanpur University and a master's degree in civil engineering from the Indian Institute of technology, Kanpur and a master's degree in philosophy from Punjab University. He has over 31 years of experience in management of road construction projects.

Committees of the Board

The Guarantor is in compliance with the provisions in respect of corporate governance as stipulated in the listing agreements with the Stock Exchanges, including in respect of appointment of independent directors on the Board and the constitution of the audit committee, nomination and remuneration committee, corporate social responsibility committee, environment, health and safety committee and stakeholders' relationship committee.

The Board has constituted the following committees, which have been constituted and function in accordance with the relevant provisions of the Companies Act, and the Listing Agreement: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility ("CSR") Committee; (v) Committee of Directors; and (vi) Environment, Health and Safety Committee, (together, the "Committees").

The Board is also authorised to constitute additional committees from time to time, depending on the business needs of the Group. The Committees of the Board play a vital role in strengthening the corporate governance practices and provide greater focus on important issue and ensure expedient resolution of diverse matters. The Committees also make specific recommendations to the Board on various matters when required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

Audit Committee

The Guarantor has constituted the Audit Committee in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 (as amended by Companies Act, 2013).

The main responsibilities of the Audit Committee include overseeing of the Guarantor's financial reporting process, reviewing the financial statements with management, recommending appointments and reappointments of auditors, fixation of audit fees, reviewing the adequacy of internal audit functions, periodic discussions with auditors about their scope and adequacy of internal control systems, discussion on any significant findings made by the internal auditors and any follow up action that is required. The Audit Committee also reviews information prescribed under Clause 49(II)(E) of the Listing Agreement with the Stock Exchanges.

The Audit Committee comprises four non-executive Directors of which three are Independent Directors, namely, Mr. Ramesh Chandra Sinha, Mr. Deepak Dasgupta, Mr. H.P. Jamdar. Mr. Arun K. Saha is the non-executive non-Independent Director. Mr. Ramesh Chandra Sinha is the Chairman of the Audit Committee. The representatives of the Statutory and Internal Auditors are also present at the meetings. Mr. Krishna Ghag, who is the Company Secretary of the Guarantor is the Secretary of the Audit Committee.

Stakeholders' Relationship Committee

The Guarantor has a Shareholders' Relationship Committee shall specifically look into the redressal of complaints of all security holders and shall have power to seek all information from and inspect all records of the Guarantor.

The Shareholders' Relationship Committee comprises two non-Independent directors, Mr. Arun K Saha, a non-executive Director, who is the Chairman of the committee, and Mr. K Ramchand who is a member of the committee and an executive director.

During the fiscal year 2014, the Guarantor received 30 complaints from the shareholders and all these complaints were resolved by the end of the year.

Committee of Directors

The Guarantor has a Committee of Directors to approve the proposals concerning day-to-day operations for smooth conduct of the business. The Committee of Directors comprises five directors of which three are executive directors, namely, Mr. Hari Sankaran, Mr. Arun K Saha and Mr. Pradeep Puri, and two non-executive directors, Mr. K. Ramchand and Mr. Mukund Sapre who are the members of the Committee of Directors.

Nomination and Remuneration Committee

The main responsibilities of the Nomination and Remuneration Committee include formulating the criteria for determining qualifications, positive attributes and independences of a director and recommending to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees, formulating the criteria for evaluation of Independent Directors and other members to the Board, devising a policy on Board diversity and identifying persons who are qualified to become Directors and those to be appointed in the Senior Management Cadre in accordance with the criteria laid down and recommend their appointment or removal to the Board.

The Nomination and Remuneration Committee comprises four non-executive directors of which two are non-Independent directors, namely, Mr. Ravi Parthasarathy and Mr. Hari Sankaran. The two Independent Directors are Mr. Ramesh Chandra Sinha and Mr. Deepak Satwalekar. Mr. Deepak Satwalekar is the Chairman of the Nomination and Remuneration Committee.

Environmental, Health and Safety Committee

The Environmental, Health and Safety Committee has been constituted by the Board to review and recommend measures for improving the safety aspects at all of the Guarantor's project sites to reduce accidents and advise on mitigation measures related to environment, health and safety, and assist in furthering environment, health and safety initiatives.

The Environmental, Health and Safety Committee comprises three non-executive Independent directors, namely, Mr. H P Jamdar, Mr. Deepak Dasgupta and Mr. R C Sinha. Mr. H P Jamdar is the Chairman and the other two directors are the members of the Safety Committee.

CSR Committee

The CSR Committee has been constituted to formulate and recommend a CSR policy to the Board, to recommend the amount of expenditure to be incurred on CSR activities, to establish a monitoring mechanism including recording details of the various CSR activities and to formalise an organisation structure for each CSR activity.

The CSR Committee comprises two non-executive Independent Directors, namely Mr. H.P. Jamdar and Ms Neeru Singh, and two executive Directors namely Mr. K. Ramchand, Managing Director, and Mr. Mukund Sapre, executive Director. Mr. H.P. Jamdar is the Chairman of the committee and the other three Directors are members.

PRINCIPAL SHAREHOLDERS

The Guarantor was incorporated under the Companies Act, 1956 on 29 November 2000. The corporate identification number of the Guarantor is L45203MH2000PLC129790 and its promoter is Infrastructure Leasing & Financial Services Limited. Its equity shares are listed and traded on the BSE and NSE.

The Guarantor's top 10 shareholders as at 6 March 2015 are as follows:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of total Shares (%)</u>
Infrastructure Leasing & Financial Services Ltd	171,450,000	69.49*
Standard Chartered IL& FS Asia Infrastructure Growth Fund Company Pte Limited	8,033,671	3.26
Bessemer India Capital Holdings II Ltd	5,417,755	2.19
Government Pension Fund Global	4,461,163	1.81
Bajaj Allianz Life Insurance Company Ltd	3,718,377	1.51
Vibhav Ramprakash Kapoor Karunakaran Ramchand Ramesh Chander Bawa		
Trustees of IL&FS Employees Welfare Trust	3,406,784	1.38
IL&FS Financial Services Limited	3,199,776	1.30*
M/s Napean Trading And Investment Co Pvt Ltd		
M/s Tarish Investment And Trading Co Pvt Ltd	1,900,681	0.77
Bajaj Holdings and Investment Ltd	1,880,412	0.76
National Westminster Bank PLC as trustee of the Jupiter India Fund	1,818,640	0.74
Total	<u>205,287,259</u>	<u>83.20</u>

* Total percentage of IL&FS Group holding in the Guarantor is 70.79 per cent.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As of 31 December 2014, the authorised share capital of the Guarantor was Rs.15,000 million (US\$246.79 million) comprising of equity share capital of Rs.5,000 million (US\$82.26 million) divided into 500,000,000 equity shares of Rs.10 each and preference share capital of Rs.10,000 million (US\$164.53 million) divided into 1,000,000,000 preference shares of Rs.10 each.

The following table sets forth the Guarantor's secured borrowings, unsecured borrowings, total equity and total capitalisation as of 31 March 2014 on a consolidated basis:

- on an actual basis; and
- as adjusted to give effect to the issue of the Notes in this offering after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering.

The as-adjusted information below is illustrative only and, other than disclosed in the second bullet point above, does not take into account any changes in the Guarantor's borrowings and capitalisation after 31 March 2014.

	As at 31 March 2014			
	Actual		As adjusted	
	Rs.	USD	Rs.	USD
	(Amounts in Millions)			
Total Secured Borrowings	151,206.34	2,515.92	151,206.34	2,515.92
Total Unsecured Borrowings	36,958.95	614.96	30,948.97	514.96
The Notes to be issued (RMB680.00 million)	—	—	6,656.97	110.77
Total Borrowings	188,165.29	3,130.88	188,812.28	3,141.65
Shareholder Funds				
Ordinary shares, Rs.10 par value; 500,000,000 shares authorised; 194,267,732 shares issued and 0 shares outstanding	1,942.68	32.32	1,942.68	32.32
Additional paid-in capital	—	—	—	—
Securities Premium Account	14,061.47	233.97	14,061.47	233.97
General Reserve	1,518.68	25.27	1,518.68	25.27
Debenture Redemption Reserve	1,812.07	30.15	1,812.07	30.15
Capital Reserve	10,306.55	171.49	10,306.55	171.49
Retained earnings	15,616.98	259.85	15,616.98	259.85
	45,258.43	753.05	45,258.43	753.05
Total Capitalisation	233,423.72	3,883.93	234,070.71	3,894.70

Except as otherwise disclosed in this Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of the Guarantor since 31 March 2014.

REGULATIONS AND POLICIES

The Guarantor is engaged in the business of execution of surface transport projects, including development of projects, investments in or sponsoring medium—sized projects, supervision of the construction of all projects under implementation, operation and management of toll roads and acting as project advisors for certain local governments. The Guarantor’s projects require, at various stages, the sanction of the concerned authorities under the relevant state legislation and local bye—laws. The following is an overview of the important laws and regulations which are relevant to the Guarantor’s business in the surface transportation infrastructure sector in India. The regulations set out below are not exhaustive, and are only intended to provide general information to the Noteholders and is neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 (each as amended) apply to the Guarantor as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Central Laws

National Highways Act, 1956 (the “NH Act”)

The central government is responsible for the development and maintenance of National Highways and may delegate any function relating to development of National Highways to the relevant state government in whose jurisdiction the National Highway falls, or to any officer or authority subordinate to the central or the concerned state government. The central government may also enter into an agreement with any person (being, either an individual, a partnership firm, a company, a joint venture, a consortium or any other form of legal entity, Indian or foreign, capable of financing from its own resources or funds raised from financial institutions, banks or open market) in relation to the development and maintenance of the whole or any part of a National Highway. Such agreement may provide for designing and building a project and operating and maintaining it, collecting fees from users during an agreed period, which period together with construction period is usually referred to as the ‘concession period’. Upon expiry of the ‘concession period’, the right of the person to collect fees and his obligation to operate and maintain the project ceases and the facility stands transferred to the central government. The central government may declare a highway as a National Highway and acquire land for such purpose. It may, by a notification in this regard, declare its intention to acquire any land when it is satisfied that the building, maintenance, management or operation of a National Highway, on such land should be undertaken for ‘public purpose’. The NH Act prescribes the procedure for such acquisitions.

National Highway (Collection of Fees by any Person for the Use of Section of National Highways/ Permanent Bridge/Temporary Bridge on National Highway) Rules, 1997 (the “NH Rules”)

As provided under the NH Rules, the central government may enter into an agreement with any person in relation to the development and maintenance of whole or any part of a National Highway/ ‘permanent bridge’/ ‘temporary bridge’ on a National Highway as it may decide, pursuant to which such person may be permitted to invest his own funds for the development or maintenance of a section of National Highway or any ‘permanent bridge’/‘temporary bridge’ on a National Highway. Further, such person shall be entitled to collect and retain the fees, at agreed rates, from different categories of mechanical vehicles for an agreed period for the use of the facilities thus created, subject to the terms and conditions of the agreement and the NH Rules. Further, the rates for the collection of fees are decided and specified by the central government. Once the period of collection of fees by such person is completed, all rights pertaining to the facility created would be deemed to have been taken over by the central government.

National Highways Fee (Determination of Rates and Collection) Rules, 2008 (the “NH Fee Rules”)

Pursuant to the NH Fee Rules, the central government may, by a notification, levy a fee for the use of any section of a National Highway, ‘permanent bridge’, bypass or tunnel forming part of a National Highway, as the case may be. However, the central government may, by notification, exempt any section of a National Highway, ‘permanent bridge’, bypass or tunnel constructed through a public funded project from the levy of such fee or part thereof.

The collection of fee shall commence within 45 days from the date of completion of the section a ‘National Highway’, ‘permanent bridge’, bypass or tunnel constructed through a public funded project.

National Highways Authority of India Act, 1988 (the “NHAI Act”)

The NHAI Act provides for the constitution of the NHAI for the development, maintenance and management of National Highways. Pursuant to the NHAI Act, the NHAI was set up in 1995. The NHAI has the power to enter into and perform any contract necessary for the discharge of its functions under the NHAI Act. As per the NHAI Act, the Central Government prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, such contracts may exceed the value so specified with the prior approval of the central government. Any land required by NHAI for discharging its functions under the NHAI Act shall be deemed to be land needed for a ‘public purpose’ and such land may be acquired under the provisions of Land Acquisition Act (defined below) or any other corresponding law for the time being in force. Projects may be offered on BOT basis to private agencies. The concession period can be up to a maximum of 30 years, after which the road is transferred back to NHAI by the concessionaires. The bidding for the projects takes place in two stages as per the process provided below:

- In the pre-qualification stage, NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
- In the second stage, NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

Where projects are funded by multilateral funding agencies, the selection takes place in consultation and concurrence with the funding organisation. For other types of projects, selection is as per standards work procedures.

Private sector participation in the road sector is sought to be promoted through various initiatives including:

- the government ensures that all preparatory work including land acquisition and utility removal is completed before the project is awarded;
- right of way is made available to the concessionaires free from all encumbrances;
- NHAI or the Government of India may provide capital grants of up to 40 per cent. of the project cost to enhance viability (on a case by case basis);
- 100 per cent. tax exemption for five years and 30 per cent. relief for the subsequent five years, which may be availed of in 20 years;
- concession period allowed up to 30 years;
- in the case of BOT projects, entrepreneurs are allowed to collect and retain tolls; and
- duty free import of specified modern high capacity equipment for highway construction. In addition to the above, there is certain other legislation relevant to the road sector which includes:
 - Central Road Fund (State Roads) Rules 2007;
 - Central Road Fund Act, 2000;
 - National Highways (Fees for the Use of National Highways Section and Permanent;
 - Bridge Public Funded Project) Rules, 1997;
 - National Highways (Rate of Fee) Rules, 1997;
 - National Highways (Temporary Bridges) Rules, 1964;
 - National Highways Rules, 1957;
 - National Highways Tribunal (Procedure) Rules, 2003; and
 - Road Transport Corporation Act, 1950.

Provisions under the Constitution of India and other legislation in relation to collection of toll Entry 59, List II of Schedule VII read with Article 246 of the Constitution of India vests the states with the power to levy tolls. Pursuant to the Indian Tolls Act, 1851 as amended (read with the Indian Tolls Act, 1864 and the Indian Tolls Act, 1888) (the “**Tolls Act**”), the state governments have been vested with the power to levy tolls at such rates as they deem fit. The tolls levied under the Tolls Act, are deemed to be ‘public revenue’. The collection of tolls can be placed under the management of any person as the state governments deem fit under the said Act. Further, all police officers are bound to assist the toll collectors in the implementation of the Tolls Act.

Laws Relating to Land Acquisition

Land Acquisition Act, 1894 (the “LA Act”) (now repealed)

Land holdings are subject to the LA Act which provides for the compulsory acquisition of land by the appropriate government for ‘public purposes’ including planned development and town and rural planning. However, any person having an interest in such land has the right to object and claim compensation. The award of compensation must be made within two years from the date of publication of the declaration of the acquisition. Any person who does not accept the compensation awarded may make an application for the matter to be referred to the appropriate civil court, whether his objection is with respect to the quantum of compensation, the apportionment of the compensation among the persons interested or for any other reason.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

On 1 January 2014 the LA Act was repealed by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, (the “**Land Acquisition Act**”).

The Land Acquisition seeks to provide fair compensation, thorough resettlement and rehabilitation of those affected, adequate safeguards for their well-being and complete transparency in the process of land acquisition, at the same time facilitating land acquisition for industrialisation, infrastructure and urbanisation projects. The government may acquire land for its own use, including for public sector undertakings and for a public purpose, which has been defined to include strategic purposes for armed forces and for infrastructure projects. In addition, the government may also acquire lands for PPP projects where the ownership of land continues to vest with the government or for private companies, provided the acquisition is for a public purpose. Compensation payable to the affected families is up to four times of the market value of lands acquired in rural areas, and twice the market value of lands acquired in urban areas. Market value will be the higher of:

- (a) market value, if any, specified in the Indian Stamp Act, 1899;
- (b) average sale price for similar type of land situated in nearby areas; or
- (c) consented amount of compensation in case of acquisition of lands for private companies or for PPP projects.

Further the Land Acquisition Act now provides additional compensation if an affected family is displaced multiple times, for the second or successive displacements. Certain notable changes have been made to the Land Acquisition Act pursuant to the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014 promulgated on 31 December 2014 (the “**Land Acquisition Ordinance**”). Pursuant to the Land Acquisition Ordinance, the appropriate government may, in public interest, exempt projects listed under section 10A of the Land Acquisition Act from the application of the provisions of Chapter II (*Determination of Social Impact and Public Purpose*) and Chapter III (*Special Provision to Safeguard Food Security*) of the Land Acquisition Act. Section 10A includes (i) projects vital to the national security or defence of India and every part thereof, including preparation for defence or defence production; (ii) rural infrastructure including electrification; (iii) affordable housing and housing for the poor people; (iv) industrial corridors; and (v) infrastructure and social infrastructure projects including public private partnership projects where ownership of land continues to vest with the government.

The Central Government has also framed the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Social Impact Assessment and Consent) Rules, 2014 under the Land Acquisition Act. These rules *inter alia* deal with the manner and procedure of executing the social impact assessment study and the manner of obtaining consent of gram sabhas and affected land owners for the purposes of the Land Acquisition Act. A few states have also framed and notified rules under the Land Acquisition Act.

Urban Land (Ceiling and Regulation) Act, 1976 (the “ULCA”)

The ULCA prescribes the limits to urban areas that can be acquired by a single entity. The ULCA allows the government to take over a person’s property and fixes ceilings on vacant and urban land. Under the ULCA, excess vacant land is required to be surrendered to a competent authority for a minimum level of compensation. Alternatively, the competent authority has been empowered to allow the land to be developed for permitted purposes. Even though the ULCA has been repealed, it remains in force in certain States like Andhra Pradesh, Assam, Bihar and West Bengal.

Laws Regulating Transfer of Property

Transfer of Property Act, 1882 (the “TP Act”)

The TP Act governs the various methods by which the transfer of property, including the transfer of immovable property or the interest in relation to such property, between individuals, firms and companies takes place. The

TP Act provides for the transfer of property through sale, gift or exchange, while an interest in the property can be transferred by way of a lease or mortgage. The TP Act stipulates the general principles relating to the transfer of property including identifying the categories of property that are capable of being transferred, the persons competent to transfer such property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in property.

Indian Easements Act, 1882 (the “Easements Act”)

The law relating to easements and licences in property is governed by the Easements Act. The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own. Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local custom.

The Registration Act, 1908 (the “Registration Act”)

The Registration Act details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, *inter alia*, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs.100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration. Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

The Indian Stamp Act, 1899 (the “Stamp Act”)

Stamp duty is payable on all instruments/documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state, and several states have notified various amendments to the Stamp Act as it applies to such states. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments. Certain states also have separate statutes governing stamping of instruments in that state.

Laws Relating to Environment

Infrastructure projects, including surface transport projects, depending upon the nature of the projects, must also ensure compliance with environmental applicable laws and regulations including the following:

- Air (Prevention and Control of Pollution) Act, 1981;
- Forest (Conservation) Act, 1980 and the Forest (Conservation) Rules, 2003;
- Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
- National Green Tribunal Act, 2010;
- The Environment (Protection) Act, 1986;
- The Environment (Protection) Rules, 1986;
- The Environment Impact Assessment Notification No: 1533(E), 2006;
- The Environment Impact Assessment Notification S.O. 195(E), 2009;
- The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989;
- Water (Prevention and Control of Pollution) Act, 1974; and
- Water (Prevention and Control of Pollution) Cess Act 1977.

Laws Relating to Employment

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the following:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Payment of Wages Act, 1936;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- The Maternity Benefit Act, 1961; and
- Workmen's Compensation Act, 1923.

State Laws

The significant state legislation in the states where the Guarantor operates is as provided below.

- Rajasthan Road Development Act, 2002;
- The Karnataka Highways Act, 1964;
- The Kerala Highway Protection Act, 1999;
- The Kerala Road Fund Act, 2001;
- The Rajasthan Highways Act, 1995; and
- The Tamil Nadu Highways Act, 2001.

Besides the above there are state laws for classification of land users, laws governing the development of agricultural land and laws relating to the imposition of service tax and value added tax.

Regulation Regarding Foreign Investment

Foreign Direct Investment (“**FDI**”) is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made.

100 per cent. FDI is permissible under the automatic route in the transport and transport support services sector, provided that the foreign investor satisfies and complies with the requirements as specified in The Foreign Exchange Management Act, 1999 and the relevant rules and regulations framed thereunder and the various policies, notifications and press notes issued by the Department of Industrial Policy and Promotion (“**DIPP**”), Ministry of Commerce and Industry of the Government of India (including the Consolidated FDI Policy effective from 7 April 2014 issued by the DIPP). For any foreign investment, a company would be required to make filings with the RBI and such banks authorised by the RBI to deal with foreign exchange and securities, intimating them of the details of such foreign investment. Apart from this, certain Foreign Institutional Investors, pursuant to initial registration from SEBI subject to compliance with the relevant regulations of SEBI and certain restrictions, can invest in securities traded on the primary and secondary markets in India.

Regulation Regarding Overseas Direct Investment by Indian Parties

Direct investments by Indian residents abroad in joint venture and wholly owned subsidiary are permitted subject to, limited by, and conditioned upon stipulations set out in the JV/WOS Guidelines.

The JV/WOS Guidelines specify that an ‘Indian Party’ or entity may extend a loan or guarantee only to an overseas JV in which it has equity participation or which is a wholly owned subsidiary (“**WOS**”). Indian entities may offer any form of guarantee—corporate or personal/primary or collateral/guarantee by the promoter company/guarantee by group company, sister concern or associate company in India provided ‘*inter alia*’ that:

- (i) all financial commitments including investments in share capital, loans, all forms of guarantees are within the overall ceiling prescribed for overseas investment by the Indian party, which is currently within 400 per

cent. of the net worth as on the date of the last audited balance sheet of the Indian party, and does not in any financial year exceed USD 1 billion (even when the total financial commitment is within the 400 per cent. limit);

- (ii) in calculating the total financial commitment, 100 per cent. of the amount of guarantees are taken into consideration, other than for performance guarantees, wherein 50 per cent. of the amount of such performance guarantees are considered;
- (iii) no guarantee should be 'open ended', meaning the amount and period of the guarantee should be specified upfront. In the case of performance guarantee, time specified for the completion of the contract shall be the validity period of the related performance guarantee;
- (iv) in cases where invocation of the performance guarantees breach the ceiling for the financial exposure of 400 per cent. of the net worth of the Indian Party, the Indian Party shall seek the prior approval of RBI before remitting funds from India, on account of such invocation;
- (v) as in the case of corporate guarantees, all guarantees (including performance guarantees) are required to be reported to the RBI, in Form ODI—Part II. Guarantees issued by banks in India in favour of WOSs/JVs outside India, will be included within the overall ceilings specified in (i) above and will further be subject to prudential norms, issued by the Reserve Bank (DBOD) from time to time; and
- (vi) any financial commitments to be made in excess of the ceiling specified in (i) above will be subject to prior approval of the RBI. The ODI Regulations also regulate Indian parties' ability to transfer by way of sale to another Indian party or '*a person resident outside India*', any share or security held by it in a JV/WOS outside India, without the approval of the RBI subject to the conditions stipulated in the ODI Regulations. The conditions are as follows:
 - a) the sale does not result in a write—off of the investment made;
 - b) the sale is effected through a stock exchange where the shares of the overseas JV/WOS are listed;
 - c) if the JV/WOS shares are not listed, and the shares are disinvested by a private arrangement, the share price cannot be less than the value certified by a Chartered Accountant/Certified Public Accountant as fair value of the shares based on the latest audited financial result of the JV/WOS;
 - d) the Indian party should not have any outstanding dues from the JV/WOS by way of dividend, technical know—how fees, royalty, consultancy, commission or other entitlements and/or export proceeds from the JV/WOS;
 - e) the overseas concern has been in operation for at least one full year and the "Annual Performance Report" together with the audited accounts for that year of the JV/WOS has been submitted to the RBI; and
 - f) the Indian party is not under any financial regulatory investigation by the Central Bureau of Investigation, Directorate of Enforcement, SEBI and Insurance Regulatory and Development Authority or any other regulatory authority in India.

The Indian party is required to submit details of such disinvestment through its designated AD category-I bank within 30 days from the date of disinvestment.

Indian party may also disinvest, without prior approval of RBI, where the amount repatriated after disinvestment is less than the original amount invested if any of the following apply:

- (i) the JV/WOS is listed in an overseas stock exchange;
- (ii) the Indian party is listed on a stock exchange in India and has a net worth of not less than Rs.1,000,000,000;
- (iii) where the Indian party is an unlisted company and the investment in the overseas venture does not exceed USD 10 million; and
- (iv) where the Indian party is a listed company but with net worth of less than Rs.1,000,000,000 but investment in an overseas JV/WOS does not exceed USD 10 million.

Other safeguards will apply:

- (i) the sale should be through the stock exchange where the shares of the overseas JV/WOS are listed;
- (ii) if the JV/WOS shares are not listed and the shares are disinvested by a private arrangement, the share price cannot be less than value certified a chartered accountant/Certified Public Accountant as fair value of the shares based on the latest audited financial result of the JV/WOS;

- (iii) The Indian Party should not have any outstanding dues from the JV/WOS by way of dividend, technical know-how fees, royalty, consultancy, commission or other entitlements and/or export proceeds from the JV/ WOS;
- (iv) The overseas concern has been in operation for at least one full year and the “Annual Performance Report” together with the audited accounts for that year of the JV/WOS has been submitted to the RBI; and
- (v) The Indian party is not under any financial regulatory investigation by the Central Bureau of Investigation, Directorate of Enforcement, SEBI and Insurance Regulatory and Development Authority or any other regulatory authority in India.

If Indian party, does not satisfy the conditions or safeguards above for undertaking any disinvestment at less than the original amount invested in its JV/WOS, it shall have to apply to RBI for prior permission.

As per notification no. RBI/2014-15/316 issued by the RBI on 25 November 2014, Indian companies or their AD Category-I banks are not allowed to issue any direct or indirect guarantees or create any contingent liability or offer any security in any form for borrowings by their overseas holding/associate/subsidiary/group companies, except for the purposes explicitly permitted in the regulations framed under FEMA. Any funds raised abroad by the overseas holding/ associate/ subsidiary/group companies of an Indian company with the support of the Indian company or their AD Category-I banks cannot be used in India, except in conformity with the general or specific permissions granted under regulations framed under FEMA. Any non-compliance with the above will result in penal action prescribed under FEMA.

TAXATION

The following summary of certain Singapore and Indian tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore and the Monetary Authority of Singapore (“MAS”) in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Trustee, the Agents, the Joint Lead Managers or any other persons involved in the issue of the Notes accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

- (i) is not an individual, is not incorporated, formed or registered in Singapore; and
- (ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or
 - (B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the issue of the Notes is jointly lead arranged by CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited, Australia and New Zealand Banking Group Limited (which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA)) and Standard Chartered Bank (which is a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA)), and (as the Issuer is not based in Singapore within the meaning of the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013), (a) more than half of the Notes issued under the issue are distributed by Australia and New Zealand Banking Group Limited and Standard Chartered Bank; and (b) the Notes are issued prior to 31 December 2018, the Notes would be “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Specified Income**”) from the Notes,

paid by the Issuer and derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from the Singapore operation, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require), Specified Income from the Notes paid by the Issuer and derived by any company (other than a financial sector incentive (standard tier) company) or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent.;
- (c) Subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require), Specified Income from the Notes paid by the Issuer and derived by a financial sector incentive (standard tier) company in Singapore is subject to tax at a concessionary rate of 12 per cent.; and
- (d) subject to:
 - (i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the relevant authorities may direct, furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require,

payment of Specified Income derived from the Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (A) if during the primary launch of the Notes, the Notes are issued to fewer than four (4) persons and 50 per cent. or more of the issue of the Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not qualify as “qualifying debt securities”; and
- (B) even though the Notes are “qualifying debt securities”, if, 50 per cent. or more of the issue of the Notes which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from the Notes held by:
 - (aa) any related party of the Issuer; or
 - (bb) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where the Specified Income is derived from the Notes by a person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for “qualifying debt securities” under the ITA (as mentioned above) shall not apply if such person acquires the Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose Specified Income derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who are adopting Singapore Financial Reporting Standard 39—Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognised gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal. Please see the section below on “*Adoption of FRS 39 treatment for Singapore income tax purposes*”.

Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39—Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

INDIAN TAXATION

The following is a summary of the current principal Indian tax consequences to investors who are “non-residents” for the purposes of the Indian Income Tax Act, 1961 (“**Non-resident Investor**”) and who do not hold Notes in connection with an Indian trade, business or permanent establishment in India of purchasing, owning or disposing of the Notes issued by the Issuer. The summary is based on current Indian taxation law and practice in force as of the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of all the Indian tax consequences under Indian laws in relation to any payment by the Issuer or the Guarantor in connection with the Notes and the acquisition, ownership or disposition of the Notes. Prospective investors should, therefore, consult their own tax advisors about the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, in relation to any payment by the Issuer or the Guarantor in connection with the Notes and the acquisition, ownership or disposition of the Notes.

Income and withholding taxes

Payments made by Issuer

With respect to any payments of principal being made by the Issuer on the Notes there should be no Indian tax implications for any Non-resident Investor.

The Noteholders are not subject to income or withholding taxes in India in connection with payments of interest made by the Issuer on the Notes in the manner set out in the “*Terms and Conditions of the Notes*”, provided that none of the proceeds from the issuance of the Notes will be used by the Issuer for the purposes of a business carried on by it in India. The Issuer does not carry on a business in India and the Issuer will utilise the offering proceeds outside India. See “*Use of Proceeds*”.

If the amounts so raised are utilised for the purposes of the Issuer’s business in India then, interest payments would be subject to Indian tax consequences and hence, attract adverse Indian withholding tax implications. It may be noted that if Indian tax were to apply, it may be subject to benefits (if any) available to holders of the Notes under the provisions of any applicable Double Taxation Avoidance Agreement (“**DTAA**”) entered into by the Indian Government with the country of tax residence of such non-resident holder. However, in the absence of such holders of the Notes having obtained a tax registration number in India namely a Permanent Account Number, a minimum withholding tax rate of 20 per cent. could apply irrespective of a lower rate under the applicable DTAA.

Investors’ attention is drawn to the gross up provision contained in Condition 9 of the “*Terms and Conditions of the Notes*”.

Payments made by the Guarantor

Since the Guarantor would make payments to the Investors for and on behalf of the Issuer, the tax implications would be same as set out above. Any payments made by the Guarantor on the Notes, would be subject to the regulations of RBI. Please refer to the sections “*Regulations and Policies*” and “*Enforcement of the Guarantee*” for details.

U.S. TAXATION

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code (“**FATCA**”) impose a withholding tax of 30 per cent. on a portion of certain payments by non-U.S. entities (such as the Issuer), to persons that fail to meet requirements under FATCA. If the Issuer (or relevant intermediary) enters into and complies with an agreement with the IRS (an “**IRS Agreement**”), this withholding tax may be imposed on a portion of payments to (a) certain holders or beneficial owners of Notes that do not provide certain information requested by the Issuer (or any relevant intermediary) and (b) any recipient (including an intermediary) of a payment that has not (or the relevant financial institution has not) entered into an IRS Agreement (or otherwise established an exemption from FATCA).

Withholding should not be required with respect to payments on the Notes before 1 January 2017. Neither a holder nor a beneficial owner of the Notes will be entitled to any additional amounts in the event such withholding tax is imposed. Certain beneficial owners may be eligible for a refund of amounts withheld as a result of FATCA. The future application of FATCA to the Issuer and the Noteholders is uncertain, and it is not clear at this time what actions, if any, will be required to minimize any adverse impact of FATCA on the Issuer and the Noteholders. The Issuer has not decided whether it will enter into an IRS Agreement.

It is also uncertain at this time how the reporting mechanism will operate. In particular, certain changes will likely have to occur with the operation of Euroclear, Clearstream, Luxembourg and other similar clearing systems. FATCA is particularly complex and its application to the Issuer, the Notes and the Noteholders is uncertain at this time. Each holder of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

FATCA may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care to ensure each is compliant with FATCA or other laws or agreements related to FATCA and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

EU TAXATION

EU Savings Directive

Under the Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., although Luxembourg has announced that as from 1 January 2015 it will no longer apply the transitional arrangements and will exchange information automatically under the Savings Directive. The transitional period is to terminate at the end of the first full financial year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive to extend its scope to cover additional types of savings income and products that generate interest or equivalent income (including certain types of life insurance contracts) as well as a broader range of investment funds. In addition, a “look through” procedure will be established to limit the opportunities for circumventing the application of the Savings Directive by the use of certain intermediaries. Member States have until 1 January 2016 to adopt domestic legislation to give effect to these changes, which must be applied from 1 January 2017.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The Guarantor's financial statements included in this Offering Circular have been prepared in accordance with accounting policies followed by the Guarantor which conforms to Indian GAAP as applicable to the Guarantor. Indian GAAP differs in certain significant respects from IFRS. Such differences involve methods for measuring amounts in the financial statements as well as in disclosures.

The following summarises certain general differences between Indian GAAP and IFRS that could have a significant impact on the financial position and operations of the Guarantor if its financial statements were prepared under IFRS. The summary below should not be considered exhaustive and no attempt has been made to identify possible future differences between Indian GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Guarantor's financial statements as a result of transactions or events that may occur in future. No attempt has been made by the Guarantor to quantify the effects of those differences, nor has a reconciliation of Indian GAAP to IFRS been undertaken by the Guarantor. Had any such quantification or reconciliation been undertaken, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below.

Prospective investors should consult their own professional advisors for an understanding of the principal differences between Indian GAAP and IFRS and how these differences might affect the financial statements of the Guarantor presented in this Offering Circular.

Summary of significant differences:

Topic	Indian GAAP	IFRS	Ind AS
Presentation of Financial Statements—primary literature	AS 1—Disclosure of Accounting Policies/ Schedule VI to the Companies Act, 1956 AS 5—Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	IAS 1—Presentation of Financial Statements	Ind AS 1—Presentation of Financial Statements
Presentation of Financial Statements—components of financial statements	The requirements for the presentation of financial statements are set out in Schedule VI to the companies Act, 1956, Schedule III to the Banking Regulation Act, 1949 (for banks), the regulations issued by the Insurance Regulatory and Development Authority (for insurance companies) and the SEBI Guidelines for Mutual Funds (for mutual funds) together with the Accounting Standards notified under the companies (Accounting Standards) Rules, 2006. The components of financial statements are (a) balance sheet; (b) statement of profit and loss; (c) cash flow statement; (d) explanatory notes including summary of accounting policies.	A complete set of financial statements under IFRS comprises (a) a statement of financial position; (b) a statement of comprehensive income/a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income; (c) a statement of cash flows; (d) a statement of changes in equity; and (e) notes including summary of accounting policies and explanatory notes. Comparative figures are presented for one year. When a change in accounting policy has been applied retrospectively or items of	A complete set of financial statements under Ind AS comprises (a) a balance sheet as at the end of the period (including statement of changes in equity which is presented as a part of the balance sheet); (b) statement of profit and loss; (c) a statement of cash flows; (d) notes including summary of accounting policies and other explanatory information. Comparative figures are presented for one year. When a change in accounting policy has been applied retrospectively or items of financial statements have been restated/reclassified, a balance sheet is required as at the beginning of the earliest period presented.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	<p>Comparative figures are presented for one year as per the requirements of Schedule VI.</p> <p>Single entity financial statements are required to be presented by all entities. Public listed companies are required to present consolidated financial statements in addition to separate financial statements of the parent in terms of the Listing Agreement with the Stock Exchanges and the SEBI Guidelines.</p>	<p>financial statements have been restated/reclassified, a statement of financial position is required as at the beginning of the earliest period presented.</p>	<p>Unlike IFRS, the Ind ASS do not mandate which entities are required to prepare consolidated financial statements as the requirements to present consolidated or separate financial statements is regulated by governing statutes in India.</p>
Presentation of Financial Statements—formats	<p>Schedule VI prescribes mandatory formats for presentation of balance sheet and statement of profit and loss. However, the same stand modified if any change is required for compliance with the requirements of the companies Act including Accounting Standards.</p>	<p>Only illustrative formats for presentation of financial statements have been given.</p>	<p>Ind AS 1 does not include any illustrative format for the presentation of financial statements though Ind AS 27 does set out the form in which consolidated financial statements are to be presented.</p>
Presentation of Financial Statements—definition of “material”	<p>Financial statements should disclose all “material” items, i.e. items, the knowledge of which might influence the decisions of the user of the financial statements.</p>	<p>Omissions or misstatements are material if individually or collectively they could influence the economic decisions that users take on the basis of financial statements.</p>	<p>Similar to IFRS.</p>
Presentation of Financial Statements—fair presentation	<p>Fair presentation requires compliance with the applicable requirements of the Companies Act, 1956 and the other regulatory requirements and the application of the qualitative characteristics of the Accounting Standards Framework.</p> <p>Departures from Accounting Standards or Companies Act, 1956 are prohibited unless permitted by other regulatory framework for example, the Insurance Regulatory and Development Authority.</p>	<p>Fair presentation requires faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions of and recognition criteria for assets, liabilities, income and expenses set out in the Framework.</p> <p>In extremely rare circumstances in which management concludes that compliance with requirements of a Standard or Interpretation is so misleading, it may depart from the Standard</p>	<p>Similar to IFRS.</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
		or the Interpretation. Reasons for departure and why application of the Standard or the Interpretation would have been misleading and the financial impact of applying the standard are required to be disclosed.	
Presentation of Financial Statements—classification of financial liabilities under refinancing arrangements	There is no guidance in the existing standards. Schedule VI specifies that financial liabilities where the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date will be classified as current liabilities.	Current even if the agreement to refinance or reschedule payments on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue.	Similar to IFRS.
Presentation of Financial Statements—classification of financial liabilities upon breach of covenants	There is no guidance in the existing standards. Schedule VI specifies that financial liabilities where the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date will be classified as current liabilities. The Exposure Draft of the Guidance Note to the Revised Schedule VI to the Companies Act, 1956 clarifies that in the Indian context, banks generally do not demand repayment of loans on default of debt covenants and the condition of a loan becoming repayable on demand on breach of a covenant is generally added in the borrowing terms as a matter of abundant caution. Therefore, considering that the practical implications of such breach are negligible, an entity could continue to classify the loan as non-current as on the balance sheet date since	Non-current if the lender has agreed before the end of the reporting period to provide a grace period of minimum 12 months after the reporting period within which the breach can be rectified and the lender cannot demand immediate repayment.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	<p>the loan is not actually demanded by the bank at any time prior to the date on which the financial statements are approved. However, in case a bank has recalled the loan before the date of approval of the accounts on breach of a loan covenant that occurred before the year end, the loan will have to be classified as current.</p> <p>Schedule VI also requires disclosure, in the notes to accounts, of the period and amount of continuing default/default as at the balance sheet date in repayment of loans whether classified as long-term or short-term borrowings and interest thereon.</p>		
Presentation of Financial Statements—presentation of income statement vs statement of comprehensive income	<p>Schedule VI requires an analysis of expense by nature. Any item of income or expenditure which exceeds one per cent of the revenue from operations or Rs. 100,000, whichever is higher, needs to be disclosed.</p>	<p>An analysis of expenses is presented using a classification based on either the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosures by nature are provided in the notes. When items of income or expense are material, their nature and amount are separately disclosed.</p>	<p>Entities should present an analysis of expenses recognised in profit or loss using a classification based only on the nature of expense.</p>
	<p>Profit or loss attributable to minority interests is disclosed as deduction from the profit or loss for the period as an item of income or expense (as per AS 21).</p>	<p>Profit or loss attributable to non-controlling interest (minority interest) and equity holders of the parent are disclosed in the statement of comprehensive income/ income statement (if presented separately) as allocations of profit or loss and total comprehensive income for the period.</p>	<p>Similar to IFRS.</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Presentation of Financial Statements—statement of comprehensive income	Statement of profit and loss is the Indian GAAP equivalent of separate income statement under IFRS. Some items such as revaluation surplus which are treated as ‘other comprehensive income’ under IFRS/Ind AS are recognised directly in equity under Indian GAAP.	Includes all items of income and expense (non-owner changes in equity) including (a) components of profit or loss and (b) other comprehensive income, for example, revaluation reserve. Items are presented either: (a) in a single statement of comprehensive income with a sub-total for profit or loss; or (b) in a separate income statement displaying components of profit or loss and a separate statement of comprehensive income beginning with profit or loss and displaying components of other comprehensive income.	An entity is required to present all items of income and expense including components of other comprehensive income in a period in a single statement of profit and loss.
Presentation of Financial Statements—statement of changes in equity	A statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are to be presented in the notes to accounts.	A statement of changes in equity is presented showing (a) the total comprehensive income for the period (b) effects of retrospective application or restatement on each component of equity (c) for each component of equity, a reconciliation between opening and closing balances, separately disclosing changes resulting from (i) profit or loss (ii) each item of other comprehensive income and (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.	A statement of changes in equity is presented as part of balance sheet. The statement of changes in equity contains information which is similar to that under IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Presentation of Financial Statements—extraordinary	<p>Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.</p> <p>Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity</p>	Presentation of any items of income or expense as extraordinary is prohibited.	Similar to IFRS.
Presentation of Financial Statements—reclassification	A disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.	When comparative amounts are reclassified, nature, amount and reason for reclassification are disclosed.	Similar to IFRS.
Presentation of Financial Statements—critical judgement	AS 1 does not specifically require disclosure of judgements that management has made in the summary of significant accounting policies or other notes.	Requires disclosure of critical judgements made by management in applying accounting policies.	Similar to IFRS.
Presentation of Financial Statements—estimation uncertainty	AS 1 does not specifically require an entity to disclose information about the assumptions that it makes about the future and other major sources of estimation uncertainty at the end of the reporting period though other standards may require certain disclosures of the same.	<p>Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.</p> <p>The nature of the uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed.</p>	Similar to IFRS.
Presentation of Financial Statements—capital	AS 1 does not require an entity to disclose information that enables users of its financial statements to evaluate the	Requires disclosure of information about management of capital and compliance with capital requirements.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	entity's objectives, policies and processes of managing capital.		
Inventories—primary literature	AS 2—Valuation of Inventories	IAS 2—Inventories	Ind AS 2—Inventories
Inventories—scope	<p>There is no scope exemption in AS 2 for any inventories held by commodity traders. Further, AS 2 totally excludes from its scope (and not just measurement requirements) producers' inventories of livestock, agricultural and forest products, and mineral oils, ores and gases to the extent that they are measured at net realisable value in accordance with well-established practices in those industries.</p> <p>Work in progress arising in the ordinary course of business of service providers has been scoped out of AS 2.</p>	<p>Measurement requirements of IAS 2 do not apply to inventories held by commodity broker-traders who measure their inventories at fair value less costs to sell and producers of agricultural and forest products, agricultural produce after harvest and minerals and mineral products to the extent that they are measured at net realisable value in accordance with well-established practices in those industries.</p> <p>Changes in fair value less costs to sell/ changes in net realisable value are recognised in profit or loss in the period of the change.</p>	Similar to IFRS.
Inventories—deferred settlement terms	<p>Inventories purchased on deferred settlement terms are not explicitly dealt with in the accounting standard on inventories.</p> <p>The cost of inventories generally will be the purchase price for deferred credit terms unless the contract states the interest payable for deferred terms.</p> <p><i>The limited revision to AS 2, on becoming effective, eliminates this difference between AS 2 and IAS 2</i></p>	<p>Difference between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognised as interest expense.</p>	Similar to IFRS.
Inventories—reversal of write-down of inventory	<p>No specific guidance in AS 2 for reversal of write-down of inventories. However, reversals may be permitted as AS 5, Net Profit or Loss for the Period, Prior Period Items</p>	<p>Write-down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an</p>	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	and Changes in Accounting Policies requires this to be disclosed as a separate line item in the statement of profit and loss.	increase in the net realisable value because of changes in economic circumstances. The amount of reversal is limited to the amount of the original write-down.	
Inventories—classification	As per the requirements of Schedule VI inventories need to be classified as: Raw materials; Work-in-progress; Finished goods; Stock-in-trade (in respect of goods acquired for trading); Stores and spares; Loose tools; Others	No specific classification requirements—classification should be appropriate to the entity.	Similar to IFRS.
Statement of cash Flows—primary literature	AS 3—cash Flow Statements	IAS 7—Statement of Cash Flows	Ind AS 7—Statement of cash Flows
Statement of Cash Flows—bank overdrafts	Bank overdrafts are considered as financing activities.	Included as cash and cash equivalents if they form an integral part of an entity's cash management.	Similar to IFRS.
Statement of Cash Flows—cash flows from extraordinary items	Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities and separately disclosed.	As presentation of items as extraordinary is not permitted, the cash flow statement does not reflect any items of cash flow as extraordinary.	Similar to IFRS.
Statement of Cash Flows—interest and dividend	For Financial enterprises: Interest paid and interest received are to be classified as operating activities. Dividend paid is to be classified as financing activity. For other enterprises: Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities.	May be classified as operating, investing or financing activities in a manner consistent from period to period.	Similar to Indian GAAP.
Statement of Cash Flows—acquisition and disposal of properties	No specific guidance.	Entities might routinely sell items of property, plant and equipment that they have previously held for rental to others. Cash payments/receipts in respect of acquisition/disposal of such assets are classified as operating activities.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Statement of Cash Flows— changes in ownership interest	No specific guidance.	Changes in ownership interest in a subsidiary without loss of control are treated as financing activities.	Similar to IFRS.
Statement of Cash Flows— investing activities	No specific guidance.	Only expenditures resulting in a recognised asset in the statement of financial position should be classified as investing activities.	Similar to IFRS.
Accounting Policies, Changes in Accounting Estimates and Errors— primary literature	AS 5—Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors	Ind AS 8—Accounting Policies, Changes in Accounting Estimates and Errors
Accounting Policies, Changes in Accounting Estimates and Errors— changes in accounting policies	Changes in accounting policies should be made only if it is required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed. However, change in depreciation method, though considered a change in accounting policy, is given retrospective effect. (see discussion on Property, Plant and Equipment below).	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.	Similar to IFRS.
Accounting Policies, Changes in Accounting Estimates and Errors— errors	Prior period errors are included in determination of profit or loss of the period in which the error is discovered and are separately disclosed in the statement of profit and loss in a manner that the	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	impact on current profit or loss can be perceived.	earliest period presented, by restating the opening statement of financial position.	
Accounting Policies, Changes in Accounting Estimates and Errors—new accounting pronouncements	Not required to be disclosed.	New accounting pronouncements that have been issued but are not yet effective as at the end of the reporting period are disclosed. Known or reasonably estimable information relevant to assessing the possible impact of the new accounting pronouncements on the financial statements on initial application is disclosed.	Similar to IFRS.
Accounting Policies, Changes in Accounting Estimates and Errors—absence of standard or interpretation that specifically applies to a transaction	No specific guidance.	Permits considering recent pronouncements by other standard—setting bodies that use a similar conceptual framework to IFRS to the extent these pronouncements do not conflict with IFRS.	In the absence of an Ind AS that specifically applies to a transaction, other event or condition, the management, while using judgment in developing and applying an accounting policy, should first consider the most recent pronouncements of the IASB and in absence thereof those of the other standard setting bodies that use a similar conceptual framework to develop accounting standards.
Events after the Reporting Period—primary literature	AS 4—Contingencies and Events Occurring after the Balance Sheet Date	IAS 10—Events After the Reporting Period	Ind AS 10—Events After the Reporting Period
Events after the Reporting Period—dividends	Schedule VI requires disclosure of proposed dividend in the notes to accounts. However, as per the requirements of AS 4 which will override the provisions of Schedule VI, dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared after the balance sheet date but before approval of the financial statements will have to be recorded as a liability.	Liability for dividends declared to holders of equity instruments are recognised in the period when declared. It is a non-adjusting event.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Construction Contracts— primary literature	AS 7—Construction Contracts	IAS 11—Construction Contracts	Ind AS 11—Construction Contracts
	Guidance Note on Recognition of Revenue by Real Estate Developers	IFRIC 12—Service Concession Arrangements	Ind AS 11—Appendix A —Service Concession Arrangements
		IFRIC 15—Agreements for the Construction of Real Estate	Ind AS 11—Appendix B —Service Concession Arrangements: Disclosures
		SIC 29—Service Concession Arrangements: Disclosures	(Notification of Appendix A and Appendix B has been deferred. The effective date for its implementation will be announced separately.)
Service concession Arrangements—scope	No specific guidance. The ICAI has issued an Exposure Draft of Guidance Note on Accounting for Service Concession Arrangements, which is similar to IFRIC 12.	Prescribes accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under service concession arrangements the grantor specifies the services to be provided to the public, controls the infrastructure and the price to be charged to the public by the operator.	Similar to IFRS.
Service concession Arrangements—recognition	No specific guidance.	Depending on the terms of the arrangement: (a) a financial asset is recognised where an operator has the unconditional right to receive cash or other financial asset from the grantor over the life of the arrangement; or (b) an intangible asset is recognised where the operator receives cash directly from the public and where future cash flows vary depending on the usage of the infrastructure; or (c) both a financial asset and an intangible asset are recognised where the operator’s return is provided partly by a financial asset and partly by an intangible asset.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Agreements for the Construction of Real Estate	Guidance Note on Recognition of Revenue by Real Estate Developers gives guidance on application of revenue recognition principles in AS 9 to real estate sales. Accordingly, revenue recognition criteria of AS 9 are applicable to revenue recognition for real estate sales also. However, in case the seller is obliged to perform any substantial ads after the transfer of significant risks and rewards of ownership, revenue should be recognised on a proportionate basis as the acts are performed i.e. by applying the percentage of completion method as per AS 7.	An agreement for the construction of real estate is within the scope of IAS 11 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/ or specify major structural changes once construction is in progress (whether it exercises that ability or not). If the buyer does not have that ability, IAS 18 applies. If IAS 11 applies, revenue is recognised on a percentage of completion basis provided reliable estimates of construction progress and future costs can be made. When IAS 18 applies, it may be a case of agreement to provide services or goods. In the former case, percentage of completion method is to be adopted. In the latter case, revenue recognition depends on transfer of significant risks and rewards of ownership.	No equivalent of IFRIC 15 has been issued. Agreements for the construction of real estate are within the scope of Ind AS 11. Hence revenue from such contracts is recognised using the percentage of completion method.
Income Taxes—primary literature	AS 22—Accounting for Taxes on Income	IAS 12—Income Taxes SIC 21—Income Taxes—Recovery of Revalued Non-Depreciable Assets SIC 25—Income Taxes—Changes in the Tax Status of an Entity or its Shareholders	Ind AS 12—Income Taxes Ind AS 12—Appendix A—Income Taxes—Recovery of Revalued Non-Depreciable Assets Ind AS 12—Appendix B—Income Taxes—Changes in the Tax Status of an Entity or its Shareholders
Income Taxes—deferred income taxes	Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.	Similar to IFRS.
Income Taxes—recognition of deferred tax assets and liabilities	Deferred taxes are generally recognised for all timing differences.	Deferred income taxes are recognised for all temporary differences	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
		between accounting and tax base of assets and liabilities except to the extent which arise from (a) initial recognition of goodwill (in the case of deferred tax liabilities) or (b) asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither the accounting nor the tax profit.	
Income Taxes—recognition of taxes on items recognised in other comprehensive income or directly in equity	No specific guidance in AS 22. However, an announcement made by the ICAI requires any expense charged directly to reserves and/or securities premium account to be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes. Similarly, any income credited directly to a reserve account or a similar account should be net of its tax effect.	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore, the tax on items recognised in other comprehensive income or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	Similar to IFRS.
Income Taxes—recognition of deferred tax assets	Deferred tax asset for unused tax losses and unabsorbed depreciation is recognised only 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 realised. Deferred tax asset for all other unused credits/timing differences is recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax asset is recognised for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Income Taxes— investments in subsidiaries, branches and associates, and interests in joint ventures	No deferred tax liability is recognised.	Deferred tax liability for all taxable temporary differences are recognised except to the extent: (a) the parent, the investor or the venturer is able to control timing of the reversal of the temporary difference, and (b) It is probable that the temporary difference will not reverse in the foreseeable future.	Similar to IFRS.
Income Taxes—deferred tax in respect of business combinations	No specific guidance.	If the potential benefit of the acquiree’s income tax loss carryforwards or other deferred tax assets did not satisfy the criteria in IFRS 3 for separate recognition when the business combination was initially accounted but if such benefit is subsequently recognised, goodwill is reduced to record pre-acquisition deferred tax assets which are recognised within 12 months of the acquisition date as a result of new information on facts and circumstances that existed on the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefit is recognised in profit or loss. All other deferred tax benefits are recognised in profit or loss (or if IAS 12 so requires, outside profit or loss).	Similar to IFRS.
Income Taxes—deferred tax on unrealised intra-group profits	Deferred tax is not recognised. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.	Deferred tax on unrealised intra-group profits is recognised at the buyer’s rate.	Similar to IFRS.
Income Taxes— classification	Schedule VI requires net deferred tax, assets and net deferred tax liabilities	Always classified as non-current, if is presented.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	non-current classification to be presented as part of non-current assets and non-current liabilities respectively.		
Income Taxes—disclosure	Certain additional disclosures like rate reconciliation, tax holidays and their expiry and unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures are not required.	<p>Additional disclosures required under IFRS include:</p> <p>A reconciliation between the income tax expense (income) reported and the product of accounting profit multiplied by the applicable tax rate. Either a numerical reconciliation or tax rate reconciliation is required to be presented.</p> <p>Details of tax holidays and expiry.</p> <p>Unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures.</p>	Similar to IFRS.
Income Taxes—tax benefits related to share-based payments	No specific guidance.	Deferred tax benefit is calculated based on tax deduction for the share-based payment under the applicable tax law (for example intrinsic value).	Similar to IFRS.
Income Taxes—recovery of revalued non-depreciable assets	Revaluation is treated as a permanent difference under Indian GAAP and, hence, the question of recognising deferred tax effects of the same does not arise at all.	Measurement of deferred tax liability or asset arising from revaluation is based on the tax consequences from the sale of asset rather than through use.	Similar to IFRS.
Income Taxes—recovery of investment property measured under fair value model	Not applicable as investment property cannot be measured using the fair value model.	In the case of investment property measured using fair value model, for measuring deferred taxes, there is a rebuttable presumption that the carrying amount will be recovered through sale.	Similar to Indian GAAP.
Changes in Tax Status of an Entity or its Shareholders	No specific guidance.	Current and deferred tax consequences are included in the profit or loss of the period of change unless the consequences relate to transactions or events	Similar to IFRS.

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		recognised outside profit or loss either in other comprehensive income or directly in equity in the same or a different period.	
Property, Plant and Equipment—primary literature	AS 6—Depreciation Accounting AS 10—Accounting for Fixed Assets	IAS 16—Property, Plant and Equipment IFRIC 1—Changes in Existing Decommissioning, Restoration and Similar Liabilities	Ind AS 16—Property, Plant and Equipment Ind AS 16—Appendix A—Changes in Existing Decommissioning, Restoration and Similar Liabilities
Property, Plant and Equipment—scope	There is no exemption from AS 10 for property under development for future use as investment property.	Property under construction or development for future use as investment property is excluded from the scope of IAS 16 and is within the scope of IAS 40, Investment Property.	Similar to IFRS.
Property, Plant and Equipment—replacement costs	Replacement cost of an item of property, plant and equipment is generally expensed when incurred. Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is capitalised.	Replacement cost of an item of property, plant and equipment is capitalised if replacement meets the recognition criteria, carrying amount of items replaced is derecognised.	Similar to IFRS.
Property, Plant and Equipment—cost of major inspections	Costs of major inspections are generally expensed when incurred.	Cost of major inspections and overhauls are recognised in the carrying amount of property, plant and equipment.	Similar to IFRS.
Property, Plant and Equipment—revaluation	No specific requirement on frequency of revaluation.	If an entity adopts the revaluation model, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.	Similar to IFRS.
Property, Plant and Equipment—depreciation	Fixed assets are not required to be componentised and depreciated separately, although AS 10 states that	Property, plant and equipment are componentised and are depreciated separately. There is no concept of	Similar to IFRS.

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	such an approach may improve the accounting for an item of fixed asset. Schedule XIV to the companies Act, 1956 specifies the minimum depreciation rates to be used for different categories of assets.	minimum statutory depreciation under IFRS.	
Property, Plant and Equipment—compensation for impairment	No specific requirement. In practice, compensation is offset against replaced items of property, plant and equipment.	Compensation from third parties for impairment or loss of items of property, plant and equipment are included in profit or loss when the compensation becomes receivable.	Similar to IFRS.
Property, Plant and Equipment—transfers from revaluation reserve	Transfers may be done through the statement of profit and loss.	Transfers from revaluation reserve to retained earnings are made directly and not through profit or loss.	Similar to IFRS.
Property, Plant and Equipment—residual value	Estimates of residual value are not required to be updated.	Estimates of residual value need to be reviewed at least at each year end.	Similar to IFRS.
Property, Plant and Equipment—reassessment of useful life and depreciation method	Not currently required.	Requires annual reassessment of useful life and depreciation method.	Similar to IFRS.
Property, Plant and Equipment—change in method of depreciation	Requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is effected. Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Changes in depreciation method are considered as change in accounting estimate and applied prospectively.	Similar to IFRS.
Property, Plant and Equipment—presentation of capital advances	Schedule VI requires capital advances to be presented separately under the head ‘Long-term loans and advances’, as part of non-current assets.	No specific guidance though usually included in capital-work-in-progress.	Similar to IFRS.
Property, Plant and Equipment—routine sale of some properties	No such requirement as in IFRS.	Entities might routinely sell items of property, plant and equipment that they have previously held for rental to others. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18.	Similar to IFRS.

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Changes in Existing Decommissioning, Restoration and Similar Liabilities	No specific guidance.	Provisions for decommissioning, restoration and similar liabilities that have previously been recognised as part of the cost of an item of property, plant and equipment are adjusted for changes in the amount or timing of future costs and for changes in market-based discount rates.	Similar to IFRS.
Leases—primary literature	AS 19—Leases	IAS 17—Leases IFRIC 4—Determining Whether an Arrangement Contains a Lease SIC 15—Operating Leases—Incentives SIC 27—Evaluating the Substance of Transactions Involving the Legal Form of a Lease	Ind AS 17—Leases Ind AS 17—Appendix A—Operating Leases—Incentives Ind AS 17—Appendix B—Evaluating the substance of Transactions Involving the Legal Form of a Lease Ind AS 17—Appendix C—Determining Whether an Arrangement Contains a Lease (Notification of Appendix C has been deferred. The effective date for its implementation will be announced separately.)
Leases—interest in leasehold land	Leasehold land is recorded and classified as fixed assets.	Recognised as operating lease or finance lease as per definition and classification criteria. An important consideration in such determination is that land has an indefinite economic life. A property interest in an operating lease may be classified as investment property in which case it should be accounted for as a finance lease and the fair value model should be applied for the asset recognised.	Similar to IFRS except that a property interest in an operating lease cannot be accounted for as investment property as the fair value model is not permissible by Ind AS 40.
Leases—initial direct costs of lessors for assets under a finance lease	Initial direct costs are either recognised immediately in the statement of profit and loss or allocated against the finance income over the lease term. Initial lease costs incurred by manufacturer or dealer lessors are recognised as expense at the inception of the lease.	For finance leases other than those involving manufacturer or dealer lessors, initial direct costs are included in the measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Initial lease costs incurred by manufacturer or dealer	Similar to IFRS.

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		lessors are recognised as expense when selling profit is recognised, which is normally at the commencement of the lease term.	
Leases—initial direct costs of lessors for assets under operating leases	Initial direct costs incurred by lessors are either deferred and allocated to income over the lease term in proportion to the recognition of lease income, or are recognised as an expense in the statement of profit and loss in the period in which they are incurred.	Initial direct costs incurred by lessors are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease income.	Similar to IFRS.
Determining whether an arrangement contains a lease	No specific guidance. Payments under such arrangements are recognised in accordance with the nature of expense incurred.	Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets are accounted for as lease.	Similar to IFRS. However, Appendix C providing similar guidance will be notified at a later date and the effective date for its implementation will be announced separately.
Lease incentives	No specific guidance.	Lease incentives (such as rent-free period) are recognised by both the lessor and the lessee as a reduction of rental income and expense, respectively, over the lease term.	Similar to IFRS.
Evaluating the Substance of Transactions Involving the Legal Form of a Lease	No specific guidance.	If a series of transactions involves the legal form of a lease and the economic effect can only be understood with reference to the series as a whole, then the series is accounted for as a single transaction.	Similar to IFRS.
Revenue—primary literature	AS 9—Revenue Recognition Guidance Note on Accounting for Dot-com Companies	IAS 18—Revenue SIC 31—Revenue—Barter Transactions Involving Advertising Services IFRIC 13—Customer Loyalty Programmes IFRIC 18—Transfers of Assets from Customers	Ind AS 18—Revenue Ind AS 18—Appendix A—Revenue—Barter Transactions Involving Advertising Services Ind AS 18—Appendix B—Customer Loyalty Programmes Ind AS 18—Appendix C—Transfers of Assets from Customers

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Revenue—definition	<p>Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities from the sale of goods, from the rendering of services, and from the use by others of enterprise resources yielding interest, royalties and dividends. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. As per Schedule VI, in the case of a company other than a finance company, revenue from operations should disclose separately in the notes to accounts the following:</p> <ul style="list-style-type: none"> • sale of products • sale of services • other operating revenues <p>Less:</p> <ul style="list-style-type: none"> • Excise duty <p>However, as per AS 9 (the provisions of which will prevail over those of Schedule VI), revenue needs to be presented on the face of the statement of profit and loss as under:</p> <p>Turnover (Gross) XX</p> <p>Less: Excise duty xx</p> <p>Turnover (Net) XX</p> <p>In the case of a finance company, revenue from operations should include revenue from:</p> <ul style="list-style-type: none"> • interest; and • other financial services 	<p>Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.</p> <p>Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenues.</p>	Similar to IFRS.
Revenue—principal versus agent	No specific guidance is given on determining whether an agency relationship exists.	Guidance on whether an entity is acting as a principal or as an agent is included in the illustrative examples accompanying (but not forming part of) IAS 18. The guidance	Similar to IFRS.

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Revenue—measurement	<p>Revenue is recognised at the nominal amount of consideration receivable.</p> <p><i>On AS 30 becoming effective, there will be no difference between AS 9 and /AS 18.</i></p>	<p>lists down features that indicate that an entity is acting as a principal.</p> <p>Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest income using the effective interest method.</p>	Similar to IFRS.
Revenue—exchange transactions	No specific guidance.	<p>The accounting treatment depends on whether the exchange transaction involves goods and services of similar nature and value (for example, exchange of commodities like oil or milk).</p> <p>Exchanges of similar assets:</p> <p style="padding-left: 20px;">Carrying amount of the asset received</p> <p style="padding-left: 20px;">= carrying amount of the asset surrendered + cash or cash equivalent transferred</p> <p style="padding-left: 20px;">No gains or losses are recognised</p> <p>Exchanges of dissimilar assets:</p> <p style="padding-left: 20px;">Carrying amount of the asset received</p> <p style="padding-left: 20px;">= Fair value of the asset received +/- cash or cash equivalent transferred</p> <p style="padding-left: 20px;">Gain or loss to be recognised = Fair value of the asset received +/- cash or cash equivalent transferred - carrying amount of the asset surrendered</p>	Similar to IFRS.
Revenues—financial service fees	Financial service fee is recognised as revenue depending on whether the service has been provided	Fees that are an integral part of the effective interest rate of a financial instrument, for example,	Similar to IFRS.

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	<p>“once for all” or is on a continuing basis. Loan origination and arrangement fees are recognised as revenues when the loan has been originated.</p> <p><i>On AS 30 becoming effective, there will be no difference between AS 9 and/AS 18.</i></p>	<p>loan origination and arrangement fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value with changes in fair value recognised in profit or loss, the fees are recognised as revenue when the instrument is initially recognised.</p>	
Revenue—interest	<p>Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p><i>On AS 30 becoming effective, there will be no difference between AS 9 and/AS 18.</i></p>	<p>Interest income is recognised using the effective interest method.</p>	Similar to IFRS.
Revenue—dividend recognition in the separate financial statements	<p>Dividend income declared out of post-acquisition profits should be recognised in the statement of profit and loss. Dividends declared out of pre-acquisition profits will go to reduce the cost of the investment.</p>	<p>Entire dividend income should be recognised in the profit or loss irrespective of whether it is declared out of pre-acquisition or post-acquisition profits, though it may, in some situations, be necessary to test the investment for impairment.</p>	Similar to IFRS.
Revenue—services rendered	<p>Completed service contract method or proportionate completion method permitted.</p> <p>Revenues from installation fees and production commission are recognised when installation and production is completed, unless the installation is incidental to sale.</p>	<p>Requires recognition using percentage of completion method. Revenues from installation fees and production commission are recognised with reference to stages of completion, unless the installation is incidental to sale.</p>	Similar to IFRS.
Barter transactions involving advertising services	<p>No specific guidance in AS 9. However, the Guidance Note on Accounting for Dot-com Companies provides guidance for advertising barter transactions which is similar to IFRS.</p>	<p>Fair value of services provided is measured with reference to non-barter similar transactions that occur frequently, represent a substantial number of the transactions, consideration involves cash or other securities that has a reliable measure of fair value and do not involve transaction</p>	Similar to IFRS.

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Customer Loyalty Programmes	No specific guidance.	<p>with the same counterparty to the barter transaction.</p> <p>Award credits are accounted for as a separate identifiable component of a sales transaction, with the consideration allocated between the awards credit and the other components of sale.</p>	Similar to IFRS.
Transfers of Assets from customers	No specific guidance.	<p>When property, plant and equipment transferred from a customer meets the definition of an asset under the IASB's 'Framework', from the perspective of the recipient, the recipient must recognise the asset in its financial statements (this will not be the case, if the customer continues to control the transferred asset).</p> <p>If there are separately identifiable services received by the customer in exchange for the transfer, then the recipient will split the transaction into separate component as required by IAS 18. The deemed cost of that asset is its fair value on the date of the transfer. The total fair value will be allocated to separately identifiable service obligations (if more than one obligation is identified) and revenue will be recognised from each service separately in accordance with IAS 18. If there is an obligation to provide ongoing services, the period over which revenue is recognised is generally determined by the terms of the agreement with the customer. In the absence of such agreement, revenue should be</p>	Similar to IFRS.

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Employee Benefits— primary literature	AS 15 (Revised 2005)— Employee Benefits	IAS 19—Employee Benefits IFRIC 14—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Ind AS 19—Employee Benefits Ind AS 19— Appendix A—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Employee benefits— definitions	<p>The distinction between short-term and other long-term employee benefits depends on whether they fall wholly due within 12 months after the end of the period in which the employees render the related service.</p> <p>There is an inconsistency in the definition of short-term employee benefits and the current vs non-current classification in Schedule VI. While the definition of short-term employee benefits as per AS 15 refers to benefits “which fall due wholly within 12 months after the end of the period in which the employees render the related service”, as per Schedule VI requirements, for classification as current liabilities, the benefits should be “due to be settled within 12 months after the reporting date”. However, the Exposure Draft of the Guidance Note to the Revised Schedule VI to the companies Act, 1956 has clarified that while AS 15 governs the measurement requirements, Schedule VI governs the presentation requirements. Therefore, each company will need</p>	<p>The distinction between short-term and other long-term employee benefits depends on whether they are due to be settled within 12 months after the end of the reporting period in which the employees render the related service.</p>	Similar to IFRS.

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	to apply these criteria to its facts and circumstances and decide an appropriate classification of its employee benefit obligations.		
Employee benefits—short-term compensated absences	<p>Short-term employee benefits include short-term compensated absences where the absences are expected to occur within 12 months after the end of the period in which the employees render the related service.</p> <p>There is an inconsistency in the description of short-term compensated absences and the current/non-current classification in Schedule VI. While the description of short-term employee compensated absences as per AS 15 refers to absences that “are expected to occur within 12 months after the end of the period in which the employees render the related service”, as per Schedule VI requirements, for classification as current liabilities, the absences should be “due to be settled within 12 months after the reporting date”. However, the Exposure Draft of the Guidance Note to the Revised Schedule VI to the Companies Act, 1956 has clarified that while AS 15 governs the measurement requirements, Schedule VI governs the presentation requirements. Therefore, to the extent the employee has an unconditional right to avail the leave, the same needs to be classified as current even though a portion of the same may have to be measured as other long-term employee benefits as per AS 15.</p>	Short-term employee benefits include short-term compensated absences where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related service.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Employee benefits— actuarial valuation	Similar to IFRS, except that detailed actuarial valuation to determine present value of the benefit obligation is carried out at least once every three years and fair value of plan assets are determined at each balance sheet date.	Detailed actuarial valuation to determine the present value of defined benefit obligation and the fair value of plan assets is performed with sufficient regularity so that the amounts recognised in the financial statements do not differ materially from the amounts that would have been determined at the end of the reporting period. IAS 19 does not specify sufficient regularity.	Similar to IFRS.
Employee benefits— actuarial gains and losses	All actuarial gains and losses should be recognised immediately in the statement of profit and loss as an income or expense.	Actuarial gains and losses for defined benefit plans may be: recognised immediately in profit or loss; recognised immediately in other comprehensive income; or deferred up to a maximum with any excess over 10% of the greater of the defined benefit obligation or the fair value of the plan assets at the end of the previous reporting period being recognised over the expected average remaining working lives of the participating employees or other accelerated basis. Actuarial gains and losses for other long-term employee benefits are recognised immediately in profit or loss.	All actuarial gains and losses for post-employment defined benefit plans and other long-term employee benefit plans are recognised immediately in other comprehensive income.
Employee benefits— discount rate	Market yields at the balance sheet date on government bonds are used as discount rates.	Market yields at the end of the reporting period on high quality corporate bonds are used as discount rates. In countries where there are no deep markets for such bonds, market yields on government bonds are used.	Similar to Indian GAAP.

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Employee benefits— curtailments and negative past service cost	No clarification to distinguish reductions as curtailments or negative past service cost.	A reduction in the extent to which future salary increases are linked to benefits payable for the past service will be a case of curtailment. When a plan amendment reduces benefits the effect of the reduction for future service is a curtailment whereas the effect of any reduction for the past service is a negative past service cost.	Similar to IFRS.
The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	No specific guidance.	Addresses when refunds or reductions in future contributions are regarded as available for recognition of an asset; how funding requirements in future may effect the availability of reductions in future contributions and when minimum funding requirement may give rise to a liability. It also deals with prepayments of a minimum funding requirement.	Similar to IFRS.
Government Grants— primary literature	AS 12—Accounting for Government Grants	IAS 20—Accounting for Government Grants and Disclosure of Government Assistance SIC 10—No Specific Relation to Operating Activities	Ind AS 20—Accounting for Government Grants and Disclosure of Government Assistance Ind AS 20—Appendix A —No Specific Relation to Operating Activities
Government Grants— government assistance	Does not deal with disclosure of government assistance other than in the form of government grants.	Deals with both government grants and disclosure of government assistance.	Similar to IFRS.
Government Grants— forgivable loans	No specific guidance.	Forgivable loans are treated as government grants when there is a reasonable assurance that the entity will meet the terms for forgiveness of the loan.	Similar to IFRS.
Government Grants— government loans with below market rate of interest	No specific guidance.	Benefit of government loans with below market rate of interest should be accounted for as government grant- measured as the	Similar to IFRS.

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		<p>difference between the initial carrying amount of the loan determined in accordance with IAS 39 and the proceeds received.</p>	
Government Grants—recognition	<p>Two broad approaches may be followed—the capital approach or the income approach.</p> <p>Government grants in the nature of promoters' contribution i.e. they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected, are credited directly to shareholders' funds. Grants related to revenue are recognised in the statement of profit and loss on a systematic and rational basis over the periods necessary to match them with the related costs.</p> <p>Grants relating to non-depreciable assets are credited to capital reserve. If such grants require fulfilment of some obligation, such grants should be credited to income over the period over which the cost of meeting the obligation is charged to income.</p> <p>Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion to depreciation, or deducted from the cost of the asset.</p>	<p>Government grants are recognised as income to match them with the related costs for which they are intended to compensate on a systematic basis. Government grants are not directly credited to shareholders' interests.</p> <p>Government grants related to assets are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.</p>	<p>Similar to IFRS. However, grants related to assets, including non-monetary grants at fair value, should be presented in the balance sheet only by setting up the grant as deferred income.</p>
Government Grants—non-monetary government grants	<p>If the asset is given by the Government at a discounted price, the asset and the grant is accounted at the discounted purchase price. Non-monetary grants free of cost are accounted for at nominal values.</p>	<p>The asset and the grant may be accounted at fair value. Alternatively, these can be recorded at nominal amount.</p>	<p>The asset and the grant should be accounted at fair value.</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Government Grants—repayment of grants relating to fixed assets	Recognised either by increasing the carrying amount of the asset or reducing the deferred income or capital reserve by the amount repayable. If the carrying amount of the asset is increased, depreciation on the revised carrying amount is provided prospectively over the residual useful life of the asset.	Recognised either by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. Cumulative depreciation that would have been recognised in profit or loss to date in the absence of grant should be recognised immediately in profit or loss.	Recognised by reducing the deferred income balance by the amount repayable. Prohibited to be classified as an extraordinary item.
Foreign Exchange—primary literature	AS 11—The Effects of Changes in Foreign Exchange Rates	IAS 21—The Effects of Changes in Foreign Exchange Rates	Ind AS 21—The Effects of Changes in Foreign Exchange Rates
Effects of Changes in Foreign Exchange Rates—functional and presentation currency	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no concept of functional currency.	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented.	Similar to IFRS.
Effects of Changes in Foreign Exchange Rates—exchange differences	Similar to IFRS, except that exchange differences on translation of monetary foreign currency liabilities incurred up to the end of the accounting period commencing before 1 April 2004, towards acquisition of fixed assets are capitalised in the carrying amount of these assets. There is a limited period irrevocable option for corporate entities to capitalise exchange differences on long—term monetary items incurred for acquisition of depreciable capital assets and to amortise exchange differences on other long—term monetary items over the life of such items but not beyond the	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise. Exchange differences on monetary items, that in substance, form part of net investment in a foreign operation, are recognised in profit or loss in the period in which they arise in the separate financial statements and in other comprehensive income in the consolidated financial statements.	Exchange differences arising on translation or settlement of foreign currency monetary items are generally recognised in profit or loss in the period in which they arise. However, an entity may exercise an option in respect of unrealised exchange differences arising on long-term monetary assets and long-term-term monetary liabilities denominated in a foreign currency to be recognised directly in equity and accumulated in a separate component of equity. The amount so accumulated should be transferred to profit or loss over the period of maturity of such long-term monetary items in an appropriate manner.

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	<p>stipulated date. This option is available in respect of accounting periods commencing on or after 7 December 2006, and ending on or before 31 March 2012.</p> <p>Exchange differences on monetary items, that in substance, form part of net investment in a foreign operation, are recognised in 'Foreign Currency Translation Reserve' both in the separate and consolidated financial statements.</p>		Exchange differences on monetary items, that in substance, form part of net investment in a foreign operation are recognised in a manner similar to IFRS.
Effects of Changes in Foreign Exchange Rates—translation in the consolidated financial statements	<p>Translation of financial statements to the reporting currency of the parent/ investee depends on the classification of that operation as integral or non-integral.</p> <p>In the case of an integral operation, monetary assets are translated at closing rate. Non-monetary items are translated at historical rate if they are valued at cost. Non-monetary items which are carried at fair value or other similar valuation are reported using the exchange rates that existed when the values were determined. Income and expense items are translated at historical/average rate. Exchange differences are taken to the statement of profit and loss.</p> <p>For non-integral operations, closing rate method should be followed (i.e. all assets and liabilities are to be translated at closing rate while profit and loss account items are translated at actual/ average rates). The resulting exchange difference is taken to reserve and is recycled to</p>	<p>Assets and liabilities should be translated from functional currency to presentation currency at the closing rate at the date of the statement of financial position; income and expenses at actual/ average rates for the period; exchange differences are recognised in other comprehensive income and recycled to profit or loss on disposal of the operation.</p> <p>Treatment for disposal depends on whether control is lost or not. Thus, if control is lost, the entire exchange difference recognised in other comprehensive income and accumulated in equity is reclassified from equity to profit or loss.</p>	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	<p>profit and loss on the disposal of the non-integral foreign operation.</p> <p>Treatment for disposal does not depend on whether control is lost or not. Even if control is lost, only proportionate amount of the reserve is recycled to statement of profit and loss.</p>		
Effects of Changes in Foreign Exchange Rates—scoping for derivatives	<p>AS 11 is applicable to exchange differences on all forward exchange contracts including those entered into to hedge the foreign currency risk of existing assets and liabilities and is not applicable to the exchange difference arising on forward exchange contracts entered into to hedge the foreign currency risks of future transactions in respect of which firm commitments are made or which are highly probable forecast transactions.</p>	<p>Foreign currency derivatives that are not within the scope of IAS 39 (e.g. some foreign currency derivatives that are embedded in other contracts) are within the scope of AS 21. In addition, IAS 21 applies when an entity translates amounts relating to derivatives from its functional currency to its presentation currency.</p>	Similar to IFRS.
Effects of Changes in Foreign Exchange Rates—forward contracts	<p>Forward contracts not intended for trading or speculation purposes:</p> <p>(i) Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.</p> <p>(ii) Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Exchange difference on a forward exchange contract is the difference between (a) the foreign currency amount of the</p>	<p>Accounted for as a derivative.</p>	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
	<p>contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, and (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.</p> <p>Forward exchange contract intended for trading or speculation purposes:</p> <p>The premium or discount on the contract is ignored and at each balance sheet date, the value of the contract is marked to its current market value and the gain or loss on the contract is recognised.</p> <p><i>On AS 30 becoming effective, AS 11, to the extent it deals with forward exchange contracts will stand withdrawn.</i></p>		
Effects of Changes in Foreign Exchange Rates—change in functional currency	Change in reporting currency is not dealt with in AS 11, though reason for change is required to be disclosed.	Change in functional currency is applied prospectively.	Similar to IFRS.
Borrowing Costs—primary literature	AS 16—Borrowing Costs	IAS 23—Borrowing Costs	Ind AS 23—Borrowing Costs
Borrowing Costs—scope	No such scope exception similar to IFRS/Ind AS is available.	Borrowing costs need not be capitalised in respect of (i) qualifying assets measured at fair value (e.g. biological assets) (ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis (even if they are otherwise qualifying assets). This is an option.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Borrowing Costs—components of borrowing costs	No reference to effective interest rate. AS 16 requires amendment on AS 30 becoming mandatory.	Description of specific components are linked to effective interest rate.	Similar to IFRS.
Related Party Disclosures—primary literature	AS 18—Related Party Disclosures	IAS 24—Related Party Disclosures	Ind AS 24—Related Party Disclosures
Related Party Disclosures—definition of related party	Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.	A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity) and includes: A person or close member of that person’s family if that person has control, joint control, significant influence over the reporting entity or is a member of key management personnel of the reporting entity or of a parent of the reporting entity; or Entities that are member of the same group (parent, subsidiaries, joint ventures, associates, and post-employment benefit plans).	Similar to IFRS.
Related Party—definition of close member of the family	No definition of close member of the family. Instead the term “relative” has been defined.	Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: a) that person’s children and spouse or domestic partner, b) children of that person’s spouse or domestic partner; and c) dependants of that person or that person’s spouse or domestic partner.	Close members of the family of a person are the persons specified within meaning of ‘relative’ under the companies Ad 1956 and that person’s domestic partner. children of that person’s domestic partner and dependants of that person’s domestic partner.
Related Party Disclosures—post employment benefit plans	Post-employment benefit plans are not included as related parties.	Related party includes post-employment benefit plans for the benefit of employees of the reporting entity or any entity that is a related party of the reporting entity.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Related Party Disclosures— exemptions	<p>Disclosure requirements do not apply if providing such disclosures would conflict with an enterprise's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority.</p> <p>Also, no disclosure is required in the financial statements of a state-controlled enterprise as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.</p>	Some minimum disclosures should be made by government-related entities.	Disclosures which conflict with confidentiality requirements of statute/regulations are not required to be made.
Related Party Disclosures— items to be disclosed.	If an entity has related party transactions during the period covered by the financial statements, the enterprise should disclose the volume of transactions either as an amount or as an appropriate proportion and amounts or appropriate proportions of outstanding items.	If an entity has related party transactions during the period covered by the financial statements, the amount of such transactions and the amount of outstanding balances including commitments need to be disclosed.	Similar to IFRS.
Related Party Disclosures— key management personnel	Compensation of key management personnel is disclosed in total as an aggregate of all items of compensation except when a separate disclosure is necessary for the understanding of the effects of related party transactions on the financial statements.	Compensation of key management personnel is disclosed in total and separately for (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payments.	Similar to IFRS.
Accounting and Reporting by Retirement Benefit Plan—primary literature	There is no equivalent standard.	IAS 26—Accounting and Reporting by Retirement Benefit Plan	There is no equivalent standard
Accounting and Reporting by Retirement Benefit Plan	There is no equivalent standard.	Sets out the reporting requirements by defined contribution and benefit plans, including a statement of net assets available for benefits and disclosure of the actuarial present value of promised benefits.	There is no equivalent standard

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Consolidated Financial Statements—primary literature	AS 21—consolidated Financial Statements	<p>Specifies the need for actuarial valuation of the defined benefits and the use of fair values for plan investments.</p> <p>IAS 27 (2008)—Consolidated and Separate Financial Statements</p> <p>SIC 12—Consolidation—Special Purpose Entities</p>	<p>Ind AS 27—Consolidated and Separate Financial Statements</p> <p>Ind AS 27—Appendix A—Consolidation—Special Purpose Entities</p> <p>Ind AS 27—Appendix C—Form of Consolidated Financial Statements</p>
Consolidated and Separate Financial Statements—scope	<p>Indian GAAP does not specify entities that are required to present consolidated financial statements. The accounting standard is required to be followed if consolidated financial statements are presented.</p> <p>The Securities and Exchange Board of India requires entities listed and to be listed to present consolidated financial statements.</p>	<p>A parent is required to prepare consolidated financial statements in which they consolidate their investments in subsidiaries in accordance with IAS 27.</p> <p>A subsidiary is an entity that is controlled by another entity (known as the parent).</p> <p>A parent need not prepare consolidated financial statements only if all the following conditions are met:</p> <ul style="list-style-type: none"> the entity is itself a wholly owned subsidiary or a partially owned subsidiary and its other owners have not objected to the entity not presenting consolidated financial statements; the entity’s debt or equity instruments are not traded in a public market; the entity is not in a process of filing its financial statements for the purposes of issuing any class of instruments in a public market; and the ultimate or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with IFRSs. 	<p>Ind AS does not mandate presentation of consolidated financial statements as requirements to present consolidated or separate financial statements is regulated by governing statutes in India.</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Consolidated and Separate Financial Statements—definition of control	<p>Control is:</p> <p>(a) the ownership, directly or indirectly through subsidiary(ies) of more than one-half of the voting power of an enterprise; or</p> <p>(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.</p> <p>Therefore a mere ownership of more than 50% of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under IFRS.</p>	Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	Similar to IFRS.
Consolidated and Separate Financial Statements—dual control	In a rare situation, when an enterprise is controlled by two enterprises one which controls by virtue of ownership of majority of the voting power and the other which controls, by virtue of an agreement or otherwise, the composition of the board of directors, the first mentioned enterprise will be considered as subsidiary of both the controlling enterprises and therefore, both the enterprises will need to consolidate the financial statements of that enterprise.	Only one entity can have control (as distinct from joint control over another entity. Therefore, when two or more entities each hold significant voting rights, certain factors are reassessed to determine which party has control.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Consolidated and Separate Financial Statements—potential voting rights	Potential voting rights are not considered in assessing control.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing control.	Similar to IFRS.
Consolidated and Separate Financial Statements—exclusion of subsidiaries, associates and joint ventures	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary was acquired with intent to dispose of within 12 months or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.	If on acquisition a subsidiary meets the criteria to be classified as held for sale in accordance with IFRS 5, it is included in the consolidation but is accounted for under that standard.	Similar to IFRS.
Consolidated and Separate Financial Statements—uniform accounting policies	If not practicable to use uniform accounting policies in the preparation of consolidated financial statements, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which different accounting policies have been applied.	Consolidated financial statements should be prepared using uniform accounting policies. No exception is provided.	Similar to IFRS.
Consolidated and Separate Financial Statements—reporting dates	The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.	Similar to IFRS.
Consolidated and Separate Financial Statements—non-controlling interests	Minority interests are presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders.	Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.	Similar to IFRS.
Consolidated and Separate Financial Statements—allocation of losses to non-controlling interests	Excess of loss applicable to minority over the minority interest in the equity of the subsidiary and any further losses applicable to minority are adjusted against majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses.	Total comprehensive income/net income or loss, if separate statements are presented, is allocated to the owners of the parent and the non-controlling interests even though this results in the non-controlling interests having a deficit balance.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Consolidated and Separate Financial Statements—disposals	No specific guidance.	<p>Partial disposal of an investment in a subsidiary where control is retained is accounted for as an equity transaction, and gain or loss is not recognised.</p> <p>Partial disposal of an investment in a subsidiary resulting in loss of control triggers remeasurement of the residual holding to fair value. Any difference between the fair value and the carrying value is recognised as gain or loss in profit or loss.</p>	Similar to IFRS.
Consolidated and Separate Financial Statements—accounting for investments in subsidiaries in separate financial statements of the parent	<p>Accounted at cost less impairment loss.</p> <p><i>The limited revision to AS 21, on becoming effective, eliminates this difference between AS 21 and IAS 27.</i></p>	<p>Accounted either at cost (less impairment loss) or as available for sale with changes in fair value recognised in other comprehensive income.</p> <p>If measured at cost (less impairment), on classification as held for sale, IFRS 5 will apply.</p>	Similar to IFRS.
Consolidated and Separate Financial Statements—special purpose entities (SPEs)	<p>There is no specific guidance on SPEs.</p> <p>However, Schedule VI requires disclosure of ‘controlled special purpose entities’ though this term has not been defined either in AS 21 or in Schedule VI. The Exposure Draft of the Guidance Note to the Revised Schedule VI to the companies Act, 1956, however, clarifies that these should essentially be subsidiaries as AS 21.</p>	<p>SPEs, for example employee share option plans, are consolidated where the substance of the relationship between the parties indicates control.</p>	Similar to IFRS.
Investments in Associates—primary literature	AS 23—Accounting for Investments in Associates in Consolidated Financial Statements	IAS 28—Investments in Associates	Ind AS 28—Investments in Associates
Investments in Associates—significant influence	Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Investments in Associates—potential voting rights	Potential voting rights are not considered in assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.	Similar to IFRS.
Investments in Associates—scope	Currently there is no exemption for investments made by venture capital organisations mutual funds, unit trusts and similar entities from applying the equity method. <i>The limited revision to AS 23, on becoming effective, eliminates this difference between AS 23 and IAS 28.</i>	Investments by venture capital organisations, mutual funds, unit trusts and similar entities including investment-linked insurance funds are exempted from applying equity method, if an election is made to measure such investments at FVTPL under IAS 39. If this election is made, certain disclosure requirements have to be complied with.	Investments by venture capital organisations are exempted from applying equity method, if an election is made to measure such investments at FVTPL under Ind AS 39.
Investments in Associates—share of losses	Loss in excess of the carrying amount of investment is not recognised.	Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to other components of the investor's interest such as long-term loans.	Similar to IFRS.
Investments in Associates—disposals	No specific guidance.	On disposal resulting in loss of significant influence, the remaining investment is remeasured at fair value, with gain or loss recognised in profit or loss.	Similar to IFRS.
Investments in Associates—capital reserve/negative goodwill	Capital reserve arising on the acquisition of an associate by an investor should be included in the carrying amount of investment in the associate but should be disclosed separately.	Any excess of the investor's share of net fair value of the associate's identifiable assets and liabilities over the cost of investments is included as income in the determination of the investor's share of associate's profit or loss.	Any excess of the investor's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Investments in Associates—uniform accounting policies	If not practicable to use uniform accounting policies while applying the equity method, that fact should be disclosed together with a brief description of the differences between the accounting policies.	Uniform accounting policies should be followed while applying the equity method. No exception is provided.	Uniform accounting policies should be followed for like transactions and events in similar circumstances unless it is impracticable to do so.
Investments in Associates—reporting date	The maximum difference between the reporting date of the associate and that of the parent is not specified.	The difference between the reporting date of the associate and that of the parent shall be no more than three months.	The difference between the reporting date of the associate and that of the parent shall be no more than three months unless it is impracticable to do so.
Investments in Associates—separate financial statements of the investor	At cost less impairment loss. <i>The limited revision to AS 23, on becoming effective, eliminates this difference between AS 23 and IAS 28.</i>	Either at cost or at fair value as available for sale with changes in fair value recognised in other comprehensive income. If measured at cost (less impairment), on classification as held for sale, IFRS 5 will apply.	Similar to IFRS.
Reporting in Hyperinflationary Economies—primary literature	There is no equivalent standard.	IAS 29—Financial Reporting in Hyperinflationary Economies IFRIC 7—Applying the Restatement Approach under IAS 29	Ind AS 29—Financial Reporting in Hyperinflationary Economies Ind AS 29—Appendix A—Applying the Restatement Approach under Ind AS 29
Financial Reporting in Hyperinflationary Economies—restatements	There is no equivalent standard.	Generally an economy is hyperinflationary when the cumulative inflation rate over 3 years is approaching or exceeds 100%.	Similar to IFRS.
Financial Reporting in Hyperinflationary Economies—hyperinflationary	There is no equivalent standard.	Financial statements should be stated in terms of the measuring unit current at the end of the reporting period. Comparative figures for prior period(s) should be restated into the same current measuring unit.	Similar to IFRS.
Financial Reporting in Hyperinflationary Economies—basic principle	There is no equivalent standard.	Restatements are made by applying a general price index. Items such as monetary items that are already stated at the measuring unit at the end of the reporting period are	Similar to IFRS.

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		not restated. Other items are restated based on the change in the general price index between the date those items were acquired or incurred and the end of the reporting period. A gain or loss on the net monetary position is included in net income. It should be disclosed separately.	
Applying the Restatement Approach under IAS 29	There is no equivalent standard.	When the economy of an entity's functional currency becomes hyperinflationary, IAS 29 is applied as if the economy was always hyperinflationary.	Similar to IFRS.
Interests in Joint Ventures—primary literature	AS 27—Financial Reporting of Interests in Joint Ventures	IAS 31—Interests in Joint Ventures SIC 13—Jointly Controlled Entities—Non-Monetary Contributions by Venturers	IAS 31—Interests in Joint Ventures Ind AS 31—Appendix A—Jointly Controlled Entities—Non-Monetary Contributions by Venturers
Interests in Joint Ventures—joint control	Joint control is the contractually agreed sharing of control over an economic activity. However, where an enterprise by a contractual arrangement establishes joint control over an entity which is a subsidiary of that enterprise within the meaning of AS 21, the entity is consolidated under AS 21 by the said enterprise, and is not treated as a joint venture.	Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require unanimous consent of the venturers.	Similar to IFRS.
Interests in Joint Ventures—scope	Currently, there is no exemption as in IFRS. <i>The limited revision to AS 27, on becoming effective, eliminates this difference between AS 27 and IAS 31.</i>	IAS 31 is not applicable for investments made by venture capital organisations, mutual funds, unit trusts and similar entities including investment-linked insurance funds that upon initial recognition are classified as at FVTPL under IAS 39. If this election is made, certain disclosure requirements have to be complied with.	Ind AS 31 is not applicable for investments made by venture capital organisations that upon initial recognition are classified as at FVTPL under Ind AS 39.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Interests in Joint Ventures—separate financial statement of the venturer	At cost less impairment loss. <i>The limited revision to AS 27, on becoming effective, eliminates this difference between AS 27 and IAS 31.</i>	Either at cost or at fair value as available for sale investment with changes in fair value recognised as a component of comprehensive income. If measured at cost (less impairment), on classification as held for sale, IFRS 5 will apply.	Similar to IFRS.
Interests in Joint Ventures—alternative accounting methods	Interests in jointly controlled entities to be accounted using proportionate consolidation only. Equity method accounting is not permitted.	Investments in jointly controlled entities can be proportionately consolidated or equity accounted by the venturer.	Similar to IFRS.
Interests in Joint Ventures—consolidated financial statements	At cost less impairment consolidated financial statements are not prepared.	Even if consolidated financial statements are not prepared (e.g. because the venturer has no subsidiaries) proportionate consolidation/equity accounting is used for jointly controlled entities.	Ind AS does not mandate presentation of consolidated financial statements as requirements to present consolidated or separate financial statements is regulated by governing statutes in India.
Non-Monetary Contributions by Venturers	No specific guidance.	Recognition of proportionate share of gains or losses on contributions of non-monetary assets in exchange for an equity interest is generally appropriate.	Similar to IFRS.
Financial Instruments: Presentation—primary literature	AS 31—Financial Instruments: Presentation Note that this standard has not been notified under the Companies (Accounting Standards) Rules, 2006. For the current status on the applicability of AS 31, see the caption “Financial Instruments: Recognition and Measurement—primary literature”. Since the above mentioned standard is not yet mandatory, the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices.	IAS 32—Financial Instruments: Presentation	Ind AS 32—Financial Instruments: Presentation

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	<i>On AS 31 becoming effective, there will be no material difference between AS 31 and IAS 32. However, subsequent amendments to IAS 32 have not been incorporated in AS 31 and to that extent there are differences between AS 31 and IAS 32.</i>		
Financial Instruments: Presentation—classification of financial liabilities	<p>Financial instruments are classified based on legal form—redeemable preference shares will be classified as equity.</p> <p>Preference dividends are always recognised similar to equity dividend and are never treated as interest expense.</p>	<p>Financial instruments are classified as a liability or equity according to the contractual arrangement, (and not its legal form), and the definition of financial liabilities and equity instruments.</p> <p>Dividends on financial instruments classified as financial liability is recognised as an interest expense in the statement of comprehensive income/income statement (if presented separately).</p>	Similar to IFRS.
Financial Instruments: Presentation—treasury shares	Acquiring own shares is permitted only in limited circumstances. Shares repurchased should be cancelled immediately and cannot be held as treasury shares.	If an entity reacquires its own shares (treasury shares), these are shown as a deduction from equity.	Similar to IFRS.
Financial Instruments: Presentation—offsetting	There are no offset rules. However, in practice the rules under IFRS are applied.	A financial asset and financial liability can only be offset if the entity has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.	Similar to IFRS.
Financial Instruments: Presentation—classification of convertible debts	Currently, the entire instrument is classified as debt based on its legal form and any interest expense is recognised based on the coupon rate. Premium on redemption of the debt is recognised in securities premium to the extent available.	Split the instrument into liability and equity component/conversion option as an embedded derivative depending on the contractual terms of the financial instrument at issuance.	Similar to IFRS except for conversion option embedded in a foreign currency convertible bond under certain situations.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Financial Instruments: Presentation—conversion option embedded in foreign currency convertible bonds	Currently there is no specific guidance.	Conversion option to acquire fixed number of equity shares for fixed amount of cash in entity's functional currency only is treated as equity. Thus, a conversion option embedded in foreign currency convertible bonds is treated as embedded derivative, and accordingly fair valued through profit or loss at every reporting period end.	Conversion option to acquire fixed number of equity shares for fixed amount of cash in any currency (entity's functional currency or foreign currency) is treated as equity and accordingly is not required to be remeasured at fair value at every reporting date.
Financial Instruments: Presentation—puttable instruments etc.	Currently there is no specific guidance.	Puttable instruments and instruments that impose an obligation to deliver pro rata share of net assets only on liquidation should be classified as equity if some conditions are met. This also triggers some disclosures to be made as required by IAS 1.	Similar to IFRS.
Financial Instruments: Presentation—classification of rights issue	Currently there is no specific guidance.	Rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, if the entity offers such options etc, pro rata to all of its existing owners of the same class of its non-derivative equity instruments.	Similar to IFRS.
Earnings Per Share— primary literature	AS 20—Earnings Per Share	IAS 33—Earnings Per Share	Ind AS 33—Earnings Per Share
Earnings Per Share— disclosure in separate financial statements	AS 20 requires disclosure of basic and diluted EPS information both in the separate and consolidated financial statements of the parent.	When an entity presents both separate and consolidated financial statements, EPS is required to be presented only in the consolidated financial statements. An entity may disclose EPS in its separate financial statements voluntarily.	EPS is required to be presented in both, consolidated as well as separate financial statements.
Earnings Per Share— disclosure	Certain additional disclosures required under IFRS not mandatory.	IAS 33 requires additional disclosures for EPS from continuing and discontinued operations. Disclosure is also	Similar to IFRS.

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		required for instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.	
Earnings Per Share—extraordinary items	EPS with and without extraordinary items is to be presented.	Since IAS 1 prohibits the disclosure of items as extraordinary. No separate consideration is given to such items while calculating EPS.	Similar to IFRS.
Earnings Per Share—mandatorily convertible instrument	No specific requirement as in IFRS.	Ordinary shares to be issued upon conversion of a mandatorily convertible instrument are included in the calculation of basic EPS from the date the contract is entered into.	Similar to IFRS.
Earnings Per Share—shares issuable after a passage of time	No specific guidance.	Ordinary shares that are issuable solely after a passage of time are not treated as contingently issuable shares because passage of time is a certainty.	Similar to IFRS.
Earnings Per Share—contingently returnable shares	No guidance on contingently returnable shares.	Outstanding ordinary shares that are contingently returnable are not treated as outstanding and are ignored in the calculation of basic EPS until the shares are no longer subject to recall.	Similar to IFRS.
Interim Financial Reporting—primary literature	AS 25—Interim Financial Reporting	IAS 34—Interim Financial Reporting IFRIC 10—Interim Reporting and Impairment	Ind AS 34—Interim Financial Reporting Ind AS 34—Appendix A—Interim Financial Reporting and Impairment
Interim Financial Reporting—statute requiring an enterprise to prepare and present certain information at an interim date	A statute governing an enterprise or a regulator may require an enterprise to prepare and present certain information at an interim date which may be different in form and/or content as required by AS 25 for e.g. Clause	No specific guidance when a statute requires an enterprise to prepare and present certain information at an interim date in a specific format.	Similar to IFRS.

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	41 of the Listing Agreement requires companies to publish quarterly financial information in a specific format. In such a case, the recognition and measurement principles as laid down in AS 25 are applied in respect of such information, unless otherwise specified in the statute or by the regulator.		
Interim Reporting and Impairment	There is no corresponding pronouncement to IFRIC 10. However, AS 28 does permit the reversal of goodwill in certain circumstances. This would be equally applicable to the interim financial statements. Reversal of impairment of investments is permitted in AS 13 and hence the same is equally applicable for interim financial statements. However, on AS 30 becoming effective, reversal of impairment loss on equity instruments classified as available for sale or financial instruments carried at cost is prohibited in the annual financial statements. There is no guidance for such reversals in the context of interim financial statements.	Where an entity has recognised an impairment loss in an interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost, that impairment loss is not reversed in subsequent interim financial statements nor in annual financial statements.	Similar to IFRS.
Impairment of Assets—primary literature	AS 28—Impairment of Assets AS 26—Intangible Assets	IAS 36—Impairment of Assets	Ind AS 36—Impairment of Assets
Impairment of Assets—goodwill	AS 28 requires goodwill to be tested for Impairment using the “bottom-up/ top-down” approach under which the goodwill is, in effect, tested for impairment by allocating its carrying amount to each cash-generating unit or smallest group of cash-generating units to which a portion of that carrying amount can be allocated on a reasonable and consistent basis.	Allocated to cash generating units that are expected to benefit from the synergies of business combination. Allocated to the lowest level at which goodwill is internally monitored by management which should not be larger than an operating segment before aggregation of segments as defined in IFRS 8.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Impairment of Assets—annual impairment test for goodwill and intangibles	<p>Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired.</p> <p>AS 26, Intangible Assets requires intangible assets that are not available for use and intangible assets that are amortised over a period exceeding ten years to be assessed for impairment at least at each financial year end even if there is no indication that the asset is impaired.</p>	<p>Goodwill, intangible assets not yet available for use and in definite life intangible assets are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.</p>	Similar to IFRS.
Impairment of Assets—reversal of impairment loss for goodwill	<p>Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.</p>	<p>Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period.</p> <p>Goodwill impaired in an interim period is not subsequently reversed in subsequent interim or annual financial statements.</p>	Similar to IFRS.
Provisions, Contingent Assets and Contingent Liabilities—primary literature	AS 29—Provisions, Contingent Liabilities and Contingent Assets	<p>IAS 37—Provisions, Contingent Liabilities and Contingent Assets</p> <p>IFRIC 5—Rights to Interests arising from Decommissioning, Restoration and Environmental Funds</p> <p>IFRIC 6—Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</p>	<p>Ind AS 37—Provisions, Contingent Liabilities and Contingent Assets</p> <p>Ind AS 37—Appendix A—Rights to Interests arising from Decommissioning, Restoration and Environmental Funds</p> <p>Ind AS 37—Appendix B—Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</p>
Provisions, Contingent Liabilities and contingent Assets—recognition of provisions	<p>Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner.</p>	<p>A provision is recognised only when a past event has created a legal or constructive obligation. An outflow of resources is probable, and the amount of the obligation can be estimated reliably.</p>	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Provisions, Contingent Liabilities and contingent Assets—discounting	Discounting of liabilities is not permitted and provisions are carried at their full values.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liabilities.	Similar to IFRS.
Rights to Interests arising from Decommissioning, Restoration and Environmental Funds	No specific guidance.	Deals with the accounting in the financial statements of the contributor for interests in decommissioning, restoration and environmental rehabilitation funds established to fund some or all of the costs of decommissioning assets or to undertake environmental rehabilitation.	Similar to IFRS.
Liabilities arising from Participating in a Specific Market—waste Electrical and Electronic Equipment	No specific guidance.	Provides guidance on the accounting for liabilities for waste management costs and requires recognition of an obligation to contribute to the costs of disposing of waste equipment based on the entity's share of market in the measurement period. The liability for such obligation arises when an entity participates in the market during the measurement period.	Similar to IFRS.
Provisions, Contingent Liabilities and contingent Assets—contingent assets	Contingent assets are not disclosed in the financial statements. They are usually disclosed as part of the report of the approving authority (e.g. Board of Directors report).	Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.	Similar to IFRS.

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Provisions, Contingent Liabilities and contingent Assets—restructuring cost	Requires recognition based on general recognition criteria for provisions i.e. when the entity has a present obligation as a result of past event and the liability is considered probable and can be reliably estimated.	IAS 37 requires provisions on the basis of constructive obligations. A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.	Similar to IFRS.
Intangible Assets—primary literature	AS 26—Intangible Assets	IAS 38—Intangible Assets SIC 32—Intangible Assets—Web Site Costs	Ind AS 38—Intangible Assets Ind AS 38—Appendix A—Intangible Assets—Web Site Costs
Intangible Assets—measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amounts.	Similar to IFRS.
Intangible Assets—useful life	The useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	Useful life may be finite or indefinite.	Similar to IFRS.
Intangible Assets—goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over five years (as per AS 14). Goodwill arising on consolidation is not amortised but is tested for impairment.	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication.	Similar to IFRS.
Intangible Assets—prepayments for advertising and promotional activities	Payment for the delivery of goods or services made in advance of the delivery of goods or the rendering of services are considered as prepayment assets.	Recognition of a prepayment asset for advertising or promotional expenditure would be permitted only up to the point at which the entity has the right to access the goods or up to the receipt of services. Mail order catalogues specifically identified as a form of advertising and promotional activity to be expensed.	Similar to IFRS.

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Financial Instruments: Recognition and Measurement—primary literature	AS 13—Accounting for Investments.	IAS 39—Financial Instruments: Recognition and Measurement	Ind AS 39—Financial Instruments: Recognition and Measurement
	AS 11—The Effects of Changes in Foreign Exchange Rates.	IFRIC 9—Reassessment of Embedded Derivatives	Ind AS 39—Appendix C—Reassessment of Embedded Derivatives
	AS 30—Financial Instruments: Recognition and Measurement	IFRIC 16—Hedges of a Net Investment in a Foreign Operation IFRIC 19—Extinguishing Financial Liabilities with Equity Instruments	Ind AS 39—Appendix D—Hedges of a Net Investment in a Foreign Operation Ind AS 39—Appendix E—Extinguishing Financial Liabilities with Equity Instruments
	<p>The differences discussed below are based on AS 13.</p> <p>Though AS 30 (not yet notified) was to become mandatory for certain enterprises for accounting periods commencing on or after 1 April 2011 with earlier adoption permitted, the ICAI has reconsidered the status of AS 30 and has issued a clarification on the applicability of the same. As per the clarification, to the extent of accounting treatments covered by any of the existing notified accounting standards (for e.g. AS 11, AS 13 etc) or in cases where relevant regulatory authority has prescribed specific regulatory requirements the existing accounting standards/prescribed regulatory requirements would continue to prevail over AS 30. Subject to the above, in other cases, preparers of financial statements are encouraged to follow the principles enunciated in the accounting treatments contained in AS 30. This announcement is applicable to accounting periods commencing on</p>	<p>Note: In this publication, the provisions of IAS 39 have been discussed. In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 and, in October 2010, further amended IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013, with early adoption permitted. (This effective date is proposed to be changed to 1 January 2015). The IASB intends to expand IFRS 9 in due course to add new requirements for impairment and hedge accounting. In due course, IFRS 9 will be a complete replacement for IAS 39. This publication does not consider the implications of IFRS 9.</p>	

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	<p>or after 1 April 2011 and is also valid for AS 31 and AS 32.</p> <p><i>On AS 30 becoming effective, there will be no material difference between AS 30 and IAS 39. However, subsequent amendments to IAS 39 have not been incorporated in AS 30 and to that extent there are differences between AS 30 and IAS 39.</i></p>		
Financial Instruments: Recognition and Measurement—general recognition principle	<p>There is no definition of financial instrument. Currently, derivatives are not required to be recognised in the balance sheet except for certain forward exchange contracts within the scope of AS 11, and for entities not following AS 30, losses in respect of all outstanding derivative contracts not covered by AS 11 (see the caption “Financial Instruments: Recognition and Measurement—derivatives and hedge accounting”).</p>	<p>All financial assets and financial liabilities are recognised in the statement of financial position when these meet the definition and recognition criteria of a financial instrument.</p> <p>A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity in another entity.</p>	Similar to IFRS.
Financial Instruments: Recognition and Measurement—investments and loans and receivables	<p>Per AS 13, investments are classified as long-term or current. A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. A long term investment is an investment other than a current investment. Accordingly, the assessment of whether an investment is long-term has to be made on the date the investment is made.</p> <p>Long-term investments are carried at cost less provision for diminution in value, which is other than temporary.</p>	<p>Financial instruments are classified as fair value through profit or loss (FVTPL), held to maturity, loans and receivables or available for sale. A financial instrument is classified as FVTPL if it is held for trading or has been designated as at FVTPL upon initial recognition. A financial instrument is classified as held for trading if these are acquired or incurred principally for the purpose of selling or repurchase in the near future, is part of a portfolio that is managed together and for which there is evidence of recent actual pattern of short-term profit taking or is a derivative (that is not</p>	Similar to IFRS.

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	<p>Current investments are carried at lower of cost and fair value.</p> <p>As per Schedule VI, investments are required to be classified as current and non-current, such classification being made on the balance sheet date. However, this leads to an inconsistency in the classification of investments as current under AS 13 and Schedule VI. The Exposure Draft of the Guidance Note to the Revised Schedule VI to the companies Act, 1956 has clarified that AS 13 does not lay down presentation norms, though it requires disclosures to be made for current and long term investments. Accordingly, presentation of all investments in the balance sheet should be made as per the requirements of Schedule VI i.e. as current or non-current. Therefore, the portion of long-term investment as per AS 13 that is expected to be realised within 12 months from the balance sheet date needs to be shown as 'Current Investment' under Revised Schedule VI. Alternatively, the same can also be shown under long term Investments as 'Current portion of long term investments'. Loans and receivables are measured at cost less valuation allowance.</p>	<p>designated as an effective hedging instrument). A financial instrument can be designated as at FVTPL only if it eliminates or reduces accounting mismatch or a group of financial assets, financial liabilities or both is managed and its performance evaluated on a fair value basis in accordance with a documented risk management strategy and information about the group is provided on that basis to key management personnel.</p> <p>Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using the effective interest method.</p> <p>Loans and receivables have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method.</p> <p>Available-for-sale investments are those that do not qualify or are not classified as at FVTPL, held-to-maturity investments or loans and receivables. Gain or loss in changes in fair value of available-for-sale investments are recognised in other comprehensive income.</p>	

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Financial Instruments: Recognition and Measurement—changes in fair value of financial liabilities due to changes in credit risk	No specific guidance.	In determining the fair value of the financial liabilities designated at FVTPL upon initial recognition, any change in fair value due to changes in the entity's own credit risk are considered.	In determining the fair value of the financial liabilities designated at FVTPL upon initial recognition, any change in fair value due to changes in the entity's own credit risk are ignored.
Financial Instruments: Recognition and Measurement—Recognition and Measurement—reclassifications	No specific rules for reclassification of investments.	Non-derivative financial assets can be reclassified out of NTPL or available for sale categories only in certain circumstances except for non-derivative financial assets that have been designated at NTPL. This triggers some disclosures to be made as required by IFRS 7.	Similar to IFRS.
Financial Instruments: Recognition and Measurement—impairment of financial assets	<p>An enterprise should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as:</p> <ul style="list-style-type: none"> • past experience. • actual financial position and • cash flows of the debtors. <p>Different methods are used for making provisions for bad debts, including:</p> <ul style="list-style-type: none"> the ageing analysis, an individual assessment of recoverability. <p>Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss (as per AS 13). On AS 30 becoming mandatory, the position will be similar to IFRS.</p> <p>For banks and financial service entities, the Reserve Bank of India has laid down specific provisioning norms based on the age of the outstandings.</p>	<p>Impairment is recognised if, and only if,</p> <ul style="list-style-type: none"> there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (referred to as “loss event”), and the loss event(s) has an impact on the estimated cash flows that can be reliably estimated. <p>Impairment losses recognised in profit or loss for equity classified as ‘available for sale’ cannot be reversed through profit or loss.</p>	Similar to IFRS.

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Financial Instruments: Recognition and Measurement—derivatives and embedded derivatives	Currently there is no equivalent standard on derivatives except for certain forward exchange contracts within the scope of AS 11, and for entities not following AS 30, an ICAI announcement for losses in respect of all outstanding derivative contracts not covered by AS 11 (see the caption “Financial Instruments: Recognition and Measurement-derivatives and hedge accounting”). The principles in AS 30 may be followed for other derivatives.	Measured at fair value. Prepayment options, the exercise price of which compensates the lender for the loss of interest by reducing the economic loss from reinvestment risk should be considered closely related to the host debt contract.	Similar to IFRS.
Financial Instruments: Recognition and Measurement—derivatives and hedge accounting	Currently there is no equivalent standard on hedge accounting except in the case of forward exchange contracts within the scope of AS 11 and an announcement dated 29 March 2008 made by the ICAI requiring entities not following AS 30 to provide for losses in respect of all outstanding derivative contracts not covered by AS 11 by marking them to market at the balance sheet date. The said announcement is applicable to financial statements for the period ending 31 March 2008 or thereafter. For other cases of hedge accounting, the principles in AS 30 may be followed.	Hedge accounting (recognising the offsetting effects of fair value changes of both the hedging instrument and the hedged item in the same period’s profit or loss) is permitted in certain circumstances, provided that the hedging relationship is clearly defined, measurable, and actually effective. IAS 39 provides for three types of hedges: fair value hedge: if an entity hedges a change in fair value of a recognised asset or liability or unrecognised firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognised in profit or loss when they occur; cash flow hedge: if an entity hedges changes in the future cash flows relating to a recognised asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is	Similar to IFRS.

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		<p>recognised in other comprehensive income until such time as those future cash flows affect profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss in the period of such change; and hedge of a net investment in a foreign entity: treated similar to cash flow hedge.</p> <p>A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.</p> <p>(Also see the caption “Hedges of a Net Investment in a Foreign Operation”).</p>	
Financial Instruments: Recognition and Measurement—eligible hedged items	<p>At present, except for forward exchange contracts within the scope of AS 11, there is no separate standard on hedge accounting. However, the principles laid down in AS 30 dealing with hedge accounting may be followed.</p>	<p>Inflation may only be hedged when changes in inflation are a contractually-specified portion of cash flows of a recognised financial instrument and identifiable.</p> <p>An entity may designate an option as a hedge of changes in the cash flows or fair value of a hedged item above or below a specified price or other variable (a one-sided risk). In such cases, the hedged risk does not include time value of the purchased option.</p>	Similar to IFRS.
Financial Instruments: Recognition and Measurement—derecognition of financial assets and Securitisation	<p>The Guidance Note on Accounting for Securitisation (withdrawn from the date AS 30 became recommendatory i.e. 1 April 2009) required derecognition of a securitised asset based on loss of control.</p>	<p>Derecognition of financial assets is based on whether substantially all risks and rewards inherent in the assets have been transferred to the transferee. If risks and rewards have neither been substantially transferred nor retained, an assessment is made whether control has been retained by the transferor</p>	Similar to IFRS.

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		in which case the assets continue to be recognised to the extent of continuing involvement.	
Financial Instruments: Recognition and Measurement—derecognition of financial liabilities	There is no specific guidance on derecognition of financial liabilities but in practice principle under IFRS is applied. However, unclaimed liabilities are written back after a specified period based on historical analysis.	Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or has expired.	Similar to IFRS.
Financial Instruments: Recognition and Measurement—financial guarantee contracts	Financial guarantee contracts are disclosed as contingent liabilities and recognised only when the payment under the contract becomes probable and is measured as the best estimate of the amount to be settled.	Financial guarantee contracts issued are initially measured at fair value and subsequently at the higher of (i) fair value at initial recognition less cumulative amortisation in accordance with IAS 18 and (ii) the amount determined in accordance with IAS 37.	Similar to IFRS.
Reassessment of Embedded Derivatives	No specific guidance.	When certain non-derivative financial instruments are transferred out of NTPL category as permitted by IAS 39, the embedded derivatives have to re-assessed and, if necessary, separately accounted for in the financial statements.	Similar to IFRS.
Hedges of a Net Investment in a Foreign Operation	No specific guidance.	A parent may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. The hedging instrument for the hedge of a net investment in a foreign operation may be held by any entity or entities within the group. On derecognition of a foreign operation, IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation	Similar to IFRS.

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		reserve in respect of the hedging instrument, while IAS 21 must be applied in respect of the hedged item.	
Extinguishing Financial Liabilities with Equity Instruments	No specific guidance.	<p>If a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are 'consideration paid'. This is accounted for as an extinguishment of the financial liability, and accordingly the debtor should derecognise the financial liability fully or partly.</p> <p>The debtor should measure the equity instruments issued to the creditor at fair value, unless fair value is not reliably determinable, in which case the equity instruments issued are measured at the fair value of the liability extinguished.</p> <p>The debtor recognises in profit or loss the difference between the carrying amount of the financial liability (or part) extinguished and the fair value of the equity instruments issued.</p>	Similar to IFRS.
Investment Property—primary literature	There is no equivalent standard on investment property. At present, covered by AS 13—Accounting for Investments.	IAS 40—Investment Property	Ind AS 40—Investment Property
Investment Property—measurement	Classified as long-term investments and measured at cost less impairment. As per Schedule VI, they are classified as non-current investments.	Investment properties can be measured using the cost or the fair value model with changes in fair value recognised in profit or loss.	Investment properties are measured using the cost model only.
Agriculture—primary literature	There is no equivalent standard.	IAS 41—Agriculture	There is no equivalent standard. However the ICAI has issued an Exposure Draft of the same.
Agriculture—measurement	There is no equivalent standard.	Measured at fair value less costs to sell.	There is no equivalent standard.

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First Time Adoption—Primary Literature	There is no equivalent standard under Indian GAAP. A first time preparer will have to comply with the measurement and disclosure requirements of all the Indian standards that are applicable to the enterprise.	IFRS 1—First Time Adoption of International Financial Reporting Standards	Ind AS 101—First Time Adoption of Indian Accounting Standards
First Time Adoption—date of transition	Not applicable.	Entities are required to present at least one year comparatives. The date of transition is the beginning of the earliest period for which an entity presents full comparative information under IFRS in its first IFRS financial statements.	Entities have to mandatorily transition as of the beginning date of financial year on or after 1 April 2011 and are not required to present comparative information; however entities have an option to present memorandum comparative information based on deemed transition date as of the beginning date of immediately preceding financial year.
First Time Adoption—additional comparatives as per previous GMP	Not applicable.	There is no requirement to present additional comparatives under previous GAAP (See Exhibit 1).	Irrespective of the option elected for presentation of memorandum Ind AS comparatives the first time adopter shall present latest corresponding previous period's financial statements prepared as per the previous GAAP (existing Indian GAAP). Such previous GAAP financial statements should be reclassified to the extent practicable, when presenting its first Ind AS financial statements (See Exhibit 1).
First Time Adoption—choice of previous GAAP	Not applicable.	It is not mandatory for entities to consider existing Indian GAAP as the previous GAAP for the purpose of transition to IFRS and can use other GAAP financial statements being presented by them to transition to IFRS e.g. US GAAP financial statements may be used to transition to IFRS.	Entities have to consider the basis of accounting that they used immediately before adopting Ind ASs for their reporting requirements in India as previous GAAP for the purpose of transition.

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First Time Adoption—exemption to consider previous GAAP carrying value of property, plant and equipment as deemed cost	Not applicable.	There is no exemption permitting previous GAAP carrying value of property, plant and equipment as deemed cost under IFRS (except for certain specific oil and gas assets, and rate regulated assets).	Entities have an option to use previous GAAP carrying values of property, plant and equipment as on the date of transition as deemed cost under Ind AS. A similar exemption is available for intangible assets and investment properties.
First Time Adoption—exemption for unrealised foreign currency exchange differences on long-term monetary assets and liabilities	Not applicable.	The unrealised exchange differences arising on long-term monetary assets and liabilities are recognised immediately in profit or loss.	Ind AS 21 provides an option to recognise unrealised exchange differences arising on translation of long-term monetary assets and liabilities either in equity or in profit or loss. If recognised in equity, the amount so accumulated should be transferred to profit or loss over the period of maturity of such long-term monetary items in an appropriate manner. The aforesaid option is irrevocable and, if elected, should be applied for all long-term monetary items. The aforesaid option of accumulating the exchange gains or loss in equity may be exercised prospectively and such unrealised exchange differences on said items may be deemed to be zero on the date of transition.
First Time Adoption—exemption from retrospective application of effective interest method and impairment requirements	Not applicable.	There is no exemption from retrospective application of effective interest method or the impairment requirements for financial instruments.	If it is impracticable to retrospectively apply the effective interest method or the impairment requirements for financial instruments, the fair value of the financial asset at the date of transition shall be the new amortised cost of that financial asset at the date of transition.
First Time Adoption—non-current assets held for sale and discontinued operations	Not applicable.	No exemption in respect of non-current assets held for sale and discontinued operations.	Ind AS 101 provides transitional relief while applying Ind AS 105—Non-current Assets Held for Sale and Discontinued Operations. Under Ind

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First Time Adoption— reconciliations	Not applicable.	IFRS requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain the transition to IFRS from previous GAAP (See Exhibit 1).	AS 101, an entity may use the transitional date circumstances to measure such assets or operations at the lower of carrying value and fair value less cost to sell. Ind AS 101 provides an option to provide a comparative period financial statements on memorandum basis. Accordingly, entities that do not provide comparatives need not provide reconciliation for total comprehensive income, cash flow statement and closing equity in the first year of transition but are expected to disclose significant differences pertaining to total comprehensive income. Entities that provide comparatives would have to provide reconciliations which are similar to IFRS (See Exhibit 1).
First Time Adoption— corridor approach	Not applicable.	IFRS 1 provides an entity that adopted the corridor approach for recording actuarial gain and losses arising from accounting for employee obligations with an option to recognise the entire such gain or loss to retained earnings, at the date of transition, rather than requiring them to split such gains and losses as recognised and unrecognised gains and losses.	Since corridor approach is not permitted under Ind AS 19, there is no exemption similar to IFRS.
Share-based Payment— primary literature	There is no equivalent standard. However, the ICAI has issued a Guidance Note on Accounting for Employee Share-based Payments. This guidance note deals only with employee share-based payments.	IFRS 2—Share-based Payment (covers share-based payments both for employees and non-employees and transactions involving receipt of goods and services)	Ind AS 102—Share-based Payment

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	The SEBI has also issued the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.		
Share-based Payment— recognition	Similar to IFRS.	Recognise as an expense over the vesting period. Goods and services in a share-based payment transaction are recognised when goods are received or as services are rendered. A corresponding increase in equity is recognised if goods and services were received in an equity-settled share-based payment transaction or a liability if these were received in a cash-settled share-based payment transaction.	Similar to IFRS.
Share-based Payment— measurement	Both the guidance note and the SEBI guidelines permit the use of either the intrinsic value method or the fair value method for determining the costs of benefits arising from employee share-based compensation plans. The guidance note recommends the use of the fair value method. Under the intrinsic value method, the cost is the difference between the market price of the underlying share on the grant date and the exercise price of the option. The fair value method is based on the fair value of the option at the date of grant. The fair value is estimated using an option-pricing model (for example, the Black-Scholes or a binomial model) that takes into account as of the grant date the exercise price and expected life of the option, the current price	For equity settled share-based transactions with non-employees, goods and services received and the corresponding increase in equity is measured at the fair value of the goods and services received. If the fair value of the goods and services cannot be estimated reliably, then the value is measured with reference to the fair value of the equity instruments granted. In case of equity settled transactions with employees and others providing similar services, fair value of the equity instrument should be used. Different valuation techniques may be applied.	Similar to IFRS.

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	<p>in the market of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option. Where an enterprise uses the intrinsic value method, it should also disclose the impact on the net results and EPS-both basic and diluted-for the accounting period, had the fair value method been used.</p>		
Share-based Payment—group entities	<p>The Guidance Note on Accounting for Employee Share-based Payments applies to transfers of shares or stock options of the parent of an entity or shares or stock options of another entity in the same group to the employees of the entity.</p>	<p>IFRS 2 provides guidance on accounting for share-based payment transactions among group entities.</p>	<p>Similar to IFRS.</p>
Business Combinations—primary literature	<p>AS 14—Accounting for Amalgamations</p>	<p>IFRS 3 (2008)—Business Combinations</p>	<p>Ind AS 103—Business combinations</p>
Business Combinations—the pooling of interests and purchase method	<p>Amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values.</p> <p>Amalgamations in the nature of merger are accounted under the pooling of interests method. Under the pooling of interests method, the assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts (after making the adjustments required for conflicting accounting policies).</p> <p>Identifiable assets and liabilities of subsidiaries acquired by purchase of shares which are not amalgamations are recorded in the</p>	<p>All business combinations, other than those between entities under common control, are accounted using the purchase method. An acquirer is identified for all business combinations, which is the entity that obtains control of the other combining entity.</p> <p>Pooling of interests method to record business combinations within the scope of IFRS 3 is prohibited.</p>	<p>Common control transactions are included in the scope; and additional guidance is provided. The additional guidance provides that business combination transactions between entities under common control should be accounted for using the ‘pooling of interests’ method.</p> <p>All other business combinations are accounted using the purchase method.</p>

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	consolidated financial statements at the carrying amounts stated in the acquired subsidiary's financial statements on the date of acquisition.		
Business Combinations—non-controlling interest	At the time of acquisition, minority interests in the net assets consist of the amount of equity attributable to minorities at the date on which investment in the acquiree is made. This is determined on the basis of information contained in the financial statements of the acquiree as on the date of investment.	At the date of acquisition, an entity may elect to measure, on a transaction by transaction basis, the non-controlling interest at (a) fair value or (b) the non-controlling interest's proportionate share of the fair value of the identifiable net assets of the acquiree.	Similar to IFRS.
Business Combinations—goodwill measurement	Any excess of the amount of the consideration over the value of the net assets of the transferor company acquired by the transferee company is recognised in the transferee company's financial statements as goodwill arising on amalgamation. If the amount of the consideration is lower than the value of the net assets acquired, the difference is recognised as capital reserve, a component of shareholders' equity.	Measured as the difference between: the aggregate of (a) the acquisition-date fair value of the consideration transferred;(b) the amount of any non-controlling interest and (c) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. If the above difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.	Similar to IFRS. However, any gain on bargain purchase is recognised in other comprehensive income and accumulated in equity as capital reserve if there is a clear evidence of the underlying reason for classification of the business combination as a bargain purchase; otherwise, the resulting gain is recognised directly in equity as capital reserve.
Business Combinations—subsequent measurement of goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years. There is no specific guidance on goodwill arising on acquisition of subsidiary. In practice such goodwill is not amortised but tested for impairment.	Goodwill is not amortised but tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate impairment.	Similar to IFRS.

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Business Combinations— business combinations achieved in stages	Dealt with in AS 21. If two or more investments are made over a period of time, the equity of the subsidiary at the date of investment is generally determined on a step-by-step basis; however, if small investments are made over a period of time and then an investment is made that results in control, the date of the latest investment, as a practicable measure, may be considered as the date of investment.	For business combinations achieved in stages, if the acquirer increases an existing equity interest so as to achieve control of the acquiree, the previously-held equity interest is remeasured at acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.	Similar to IFRS.
Business Combinations— contingent consideration	Where the scheme of amalgamation provides for an adjustment to the consideration contingent on one or more future events, the amount of the additional payment should be included in the consideration if payment is probable and a reasonable estimate of the amount can be made. In all other cases, the adjustment should be recognised as soon as the amount is determinable.	Consideration for the acquisition includes the acquisition-date fair value of contingent consideration. The obligation to pay contingent consideration should be classified as a liability or as equity, as appropriate. The right to return of previously transferred consideration should be classified as an asset, if specified conditions are met. Changes in contingent consideration which are within the measurement period are recognised as adjustments against original accounting for the acquisition (and so may impact goodwill). Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted within equity, contingent consideration classified as an asset or a liability that is a financial instrument within the scope of IAS 39 should be measured at fair value, with any resulting gain or loss recognised in profit or loss or in other comprehensive income, as appropriate. If it is not	Similar to IFRS.

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		within the scope of IAS 39, it should be accounted for in accordance with IAS 37 or other IFRSs as appropriate.	
Business Combinations— acquisition related costs	No specific guidance.	Acquisition related costs such as finder’s fee, due diligence costs, etc, are accounted for as expenses in the period in which the costs are incurred and the services are received.	Similar to IFRS.
Business Combinations— initial accounting for a business combination determined provisionally	No specific guidance.	If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the combination is accounted for using provisional values. Adjustments to provisional values relating to new information about facts and circumstances that existed at the acquisition date are permitted within one year of the acquisition date. Such adjustments are made retrospectively as if those adjustments had been made at the acquisition date. No adjustments can be made after one year except to correct an error in accordance with IAS 8.	Similar to IFRS.
Insurance Contracts— primary literature	No equivalent standard.	IFRS 4—Insurance contracts	Ind AS 104—Insurance Contracts (This Ind AS will come into effect for insurance companies from the date to be separately announced)
Insurance Contracts— general	No equivalent standard.	Applicable to insurance and reinsurance contracts and to discretionary participation features in insurance contracts. The insurer is required at the end of each reporting period to make a liability adequacy test to assess whether its recognised	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
		insurance liabilities are adequate. If test shows carrying amount of its liabilities are inadequate, the deficiency is recognised in profit or loss. Reinsurance assets are tested for impairment. Insurance liabilities may not be offset against related reinsurance assets.	
Non-current Assets Held for Sale and Discontinued Operations—primary literature	AS 24—Discontinuing Operations AS 10—Accounting for Fixed Assets	IFRS—Non-current Assets Held for Sale and Discontinued Operations IFRIC 17—Distributions of Non-cash Assets to owners	Ind AS 10—Appendix A—Distributions of Non-cash Assets to owners
Non-current Assets Held for sale and Discontinued Operations—recognition and measurement	There is no standard dealing with non-current assets held for sale though AS 10 deals with assets held for disposal. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the statement of profit and loss.	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.	Similar to IFRS.
Non-current Assets Held for sale and Discontinued Operations—non-cash assets held for distribution to owners	AS 24 has no specific guidance related to non-cash assets held for distribution to owners.	Non-cash assets are to be classified as ‘held for distribution to owners’ when the transaction is highly probable, taking into account probability of shareholders’ approval, if required in the jurisdiction. Such assets are measured at the lower of carrying amount and fair value less costs to distribute.	Similar to IFRS.
Non-current Assets Held for sale and Discontinued Operations—classification	An operation is classified as discontinuing at the earlier of (a) binding sale agreement for sale of the operation and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.	An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Distributions of Non-cash Assets to owners	No specific guidance.	An entity should measure the dividend payable at the fair value of the net assets to be distributed. The liability should be remeasured at each reporting date and at settlement, with changes recognised directly in equity. The difference between the dividend paid and the carrying amount of the net assets distributed should be recognised in profit or loss and should be disclosed separately. Additional disclosures should be made, if the net assets being held for distribution to owners meet the definition of a discontinued operation. If shareholders have a choice of receiving either a non-cash asset or a cash alternative, the liability should be measured considering both the fair value of each alternative and management's assessment of the probabilities of each outcome. IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions.	Similar to IFRS.
Exploration for and Evaluation of Mineral Resources—primary literature	No equivalent standard. However there is a Guidance Note on Accounting for Oil and Gas Producing Activities.	IFRS 6—Exploration for and Evaluation of Mineral Resources	Ind AS 106—Exploration for and Evaluation of Mineral Resources (Ind AS 106 will be applied with modification from a date to be notified later on)

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Exploration for and Evaluation of Mineral Resources—general	<p>As per the guidance note, there are two alternative methods for accounting for acquisition, exploration and development costs, viz, the successful Efforts Method or the Full Cost Method. The guidance note recommends the Successful Efforts Method.</p> <p>AS 28, Impairment of Assets is applicable irrespective of the method of accounting used.</p>	<p>Exploration and evaluation assets are measured at cost or revaluation less accumulated amortisation and impairment loss. An entity determines the policy specifying which expenditure is recognised as exploration and evaluation assets.</p>	<p>Similar to IFRS.</p>
Financial Instruments: Disclosures—primary literature	<p>AS 32—Financial Instruments: Disclosures</p> <p>Note that this standard has not been notified under the Companies (Accounting Standards) Rules, 2006. For the current status on the applicability of AS 32, see the caption “Financial Instruments: Recognition and Measurement—primary literature”. Since the above mentioned standard is not yet mandatory, the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices.</p> <p><i>On AS 32 becoming effective, there are no material differences between AS 32 and IFRS 7. However, subsequent amendments to IFRS 7 have not been incorporated in AS 32 and to that extent there are differences between AS 32 and IFRS 7.</i></p>	<p>IFRS 7—Financial Instruments: Disclosures</p>	<p>Ind AS 107—Financial Instruments: Disclosures</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Financial Instruments: Disclosures—general	<p>Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements:</p> <p style="padding-left: 40px;">category—wise quantitative data about derivative instruments that are outstanding at the balance sheet date; the purpose, viz, hedging or speculation, for which such derivative instruments have been acquired; and the foreign currency exposures that are not hedged by a derivative instrument or otherwise.</p>	<p>The standard prescribes the disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.</p>	<p>Similar to IFRS.</p>
Financial Instruments: Disclosures—some improved disclosures	<p>Currently there are no detailed disclosure requirements for financial instruments.</p>	<p>Fair value disclosures must be made separately for each class of financial instrument.</p> <p>Disclosure should be made for change in the method of determining fair values and the reasons for the change. A three—level hierarchy should be adopted for determining fair values.</p> <p>Disclosure should be made, for each fair value measurement in the statement of financial position, of which level in the hierarchy was used and any transfers between levels with additional disclosures whenever level 3 is used including a measure of sensitivity to a change in input data.</p> <p>Maturity analysis for non-derivative financial instruments should include issued financial guarantees contracts.</p>	<p>Similar to IFRS. However, the provisions of ‘Disclosures—Transfers of Financial Assets’ issued by the IASB in October 2010 have not been incorporated in Ind AS 107.</p>

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
		<p>Disclosure of maturity analysis of derivative financial liabilities is also required.</p> <p>Clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.</p> <p>Requires enhanced disclosures when an asset is transferred but not derecognised and requires some disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the assets after the derecognition.</p>	
Segments—primary literature	AS 17—Segment Reporting	IFRS 8—Operating Segments (effective 1 January 2009 and replaces IAS 14, Segment Reporting)	Ind AS 108—Operating Segments
Operating segments—determination of segments	AS 17 requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach, with the enterprise’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	Similar to IFRS.
Operating segments—measurement	<p>segment information is prepared inconformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. segment revenue, segment expense, segment result, segment asset and segment liability have been defined.</p> <p>A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise’s financial statements.</p>	<p>Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, and segment asset or segment liability.</p> <p>Requires reconciliation of segment performance measures, and segment assets and liabilities with the corresponding amounts reported in the financial statements.</p>	Similar to IFRS.

<u>Topic</u>	<u>Indian GAAP</u>	<u>IFRS</u>	<u>Ind AS</u>
Operating segments—entity wide disclosures	Disclosed are required based on the classification of segments as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting formats.	Requires disclosure of (a) external revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; (c) geographical information on non-current assets located in the country of domicile and foreign countries. Information on major customers including total revenues from each major customer is disclosed if revenue from each customer is 10% or more of total segment revenues.	Similar to IFRS.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with, amongst others, CLSA Limited, Australia and New Zealand Banking Group Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank as the Joint Lead Managers and the Guarantor, dated 24 March 2015 (the “**Subscription Agreement**”) pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to, and the Joint Lead Managers have agreed to severally but not jointly subscribe or procure subscribers to subscribe and pay for the aggregate principal amount of the Notes indicated in the following table.

<u>Joint Lead Managers</u>	<u>Principal Amount of the Notes to be subscribed</u>
CLSA Limited	RMB200,000,000
Australia and New Zealand Banking Group Limited	RMB190,000,000
The Hongkong and Shanghai Banking Corporation Limited	RMB110,000,000
Standard Chartered Bank	<u>RMB190,000,000</u>
	<u>RMB690,000,000</u>

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and some of their respective affiliates have, from time to time, performed, and may in the future perform, certain commercial banking, investment banking and advisory and other banking services for the Issuer, the Guarantor and/or their respective affiliates for which they have received or will receive customary fees and expenses.

In addition, the Guarantor and the Issuer have agreed with the Joint Lead Managers that private banks be paid a commission in connection with the purchase of the Notes by their private bank clients, which commission may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debts and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer and the Guarantor.

The Joint Lead Managers and/or their respective affiliates may purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

The Notes are a new issue of securities for which there currently is no market. The Joint Lead Managers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes.

Each Joint Lead Manager or its affiliates may purchase the Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, a Joint Lead Manager or its affiliates may hold long or short positions relating to the Notes. Each of the Joint Lead Managers and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from

time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Joint Lead Manager and its affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Issuer or its affiliates in the ordinary course of their business. Each Joint Lead Manager or its affiliates may also purchase the Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold the Notes on behalf of clients or in the capacity of investment advisors. While each Joint Lead Manager and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Joint Lead Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Joint Lead Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

In connection with the issue of the Notes, the Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and directives, overall to the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Stabilising Manager, or as the case may be, the Joint Lead Managers in the manner agreed by them.

The Issuer has appointed IL&FS Global Financial Services (HK) Limited (“IGFSL”), an affiliate of the Guarantor and the Issuer, as financial advisor to the Issuer. IGFSL is a licensed corporation licensed for Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Hong Kong Securities and Futures Ordinance.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or their affiliates are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliates on behalf of the Issuer in such jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S). The Notes are being offered and sold outside of the United States in offshore transactions as defined in, and in reliance on, Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto

to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the pricing supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implementing in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Joint Lead Manager has represented and agreed, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

People’s Republic of China

Each Joint Lead Manager has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which

are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular, any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

India

Each of the Joint Lead Managers has acknowledged that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with any Registrar of Companies, SEBI, RBI or any other statutory or regulatory body of like nature in India, (b) the Notes will not be offered or sold, and have not been offered or sold either directly or indirectly to any person or the public or any member of the public in India, or for the account or benefit of any person resident in India, either directly or indirectly, by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or agent, and (c) this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed either directly or indirectly and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India. The Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities to the public within the meaning of Companies Act, 2013 or any other applicable Indian law for the time being in force. The acquisition of these Notes by Indian residents may be prohibited or subject to, limited by and conditioned upon stipulations contained in FEMA and ancillary regulations.

GENERAL INFORMATION

CONSENTS AND AUTHORISATIONS

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligation under the Notes, the Trust Deed, the Agency Agreement and the other Transaction Documents to which it is a party. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer on 4 March 2015 and the issue of the Guarantee was authorised by a resolution of the board of directors of the Guarantor on 11 March 2015. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Guarantee.

LITIGATION

There are no legal or arbitration proceedings against or affecting the Issuer, the Guarantor or the Group or any of their assets, nor are the Issuer or the Guarantor (having made all reasonable enquiries) aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

NO MATERIAL ADVERSE CHANGE

There has been no significant change in the financial or trading position or prospects of the Issuer since its date of incorporation. There has been no significant change in the financial or trading position or prospects of the Guarantor since 31 March 2014.

DOCUMENTS AVAILABLE

For so long as any of the Notes are outstanding, copies of the Guarantor's annual reports for the financial years ended 31 March 2014, 2013 and 2012, and the articles of association of the Issuer and the Guarantor will be available for inspection from the Issue Date at the registered office of the Issuer and the Guarantor during normal business hours and copies of the same in electronic form shall be available upon request from the Issuer, the Guarantor or the Principal Paying Agent.

Copies of the Trust Deed, the Agency Agreement, and when executed, the Escrow Agreement, will be available for inspection from the Issue Date at the registered office of the Issuer.

The Guarantor prepares and publishes an annual report every year and unaudited reviewed financial statements quarterly.

CLEARING SYSTEM AND SETTLEMENT

The Notes will be lodged and cleared through the CMU. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the CMU operator.

Certain trading information with respect to the Notes is set forth below:

	<u>CMU Instrument Number</u>	<u>Common Code</u>	<u>ISIN</u>
Notes	DBANFN15003	120489933	HK0000242708

LISTING OF THE NOTES

The Issuer has received approval in principle from SGX-ST for the listing of, and quotation for, the Notes on the SGX-ST. The SGX-ST take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
IL&FS TRANSPORTATION NETWORKS LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **IL&FS TRANSPORTATION NETWORKS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities/operations (the Company, its subsidiaries and jointly controlled entities/operations constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated 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 and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entities / operations and associates and unaudited financial statements of one associate referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 13 and Note 19 to the consolidated financial statements, wherein significant elements of the consolidated financial statements have been determined based on management estimates (which in turn are based on technical evaluations by independent experts). These include:

- i. Intangible Assets and Intangible Assets under Development covered under service concession arrangements aggregating to carrying value of Rs. 132,871.21 million (48.97% of the total assets), the useful lives and the annual amortisation thereof;
- ii. Provision for Overlay carried at Rs. 423.40 million in respect of intangible assets covered under service concession arrangements; and
- iii. Financial Assets covered under service concession arrangements, included as a part of Receivables against Service Concession Arrangements, carried at Rs. 80,666.64 million (29.73% of the total assets) and revenue recognised thereon based on the effective interest method which in turn is based on evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof.

Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of Forty Seven subsidiaries, whose financial statements reflect total assets of Rs. 180,352.46 million as at 31 March 2014, total revenues of Rs. 24,088.90 million and net cash inflows amounting to Rs. 1,663.79 million for the year ended on that date as considered in the consolidated financial statements. We also did not audit the financial statements of seven jointly controlled entities, in which the Group's proportionate share in total assets is Rs. 32,099.28 million as at 31 March 2014, in total revenues is Rs. 4,246.73 million and in net cash inflows is Rs. 55.75 million as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss amounting to Rs. 1.35 million for the year ended 31 March 2014, as considered in the consolidated financial statements, in respect of Ten associates whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities / operations and associates is based solely on the reports of the other auditors.

The consolidated financial statements include the Group's share in the profit of one associate of ₹ 52.01 million (carrying value of ₹ 1,224.45 million) based on the unaudited financial statements as at / for the year ended 31 March 2014 provided by the Management. Our opinion on the Consolidated Financial Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial information provided by the Management.

Our opinion is not qualified in respect of this matter.

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, 13 May 2014
KJM/NDU

IL&FS TRANSPORTATION NETWORKS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

<u>Particulars</u>	<u>Note</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
		₹ in million			
I EQUITY AND LIABILITIES					
1 SHAREHOLDERS' FUNDS					
(a) Share capital	2	5,707.18		1,942.68	
(b) Reserves and surplus	3	44,331.07	50,038.25	34,455.45	36,398.13
2 MINORITY INTEREST	4,5		4,587.50		3,577.22
3 NON-CURRENT LIABILITIES					
(a) Long-term borrowings	6	162,667.59		121,849.42	
(b) Deferred tax liabilities (net)	8	1,990.36		2,425.06	
(c) Other long term liabilities	9	5,162.16		2,994.35	
(d) Long-term provisions	11	526.58	170,346.69	634.12	127,902.95
4 CURRENT LIABILITIES					
(a) Current maturities of long-term debt	6A	15,235.79		13,220.08	
(b) Short-term borrowings	7	10,261.91		8,521.99	
(c) Trade payables		15,451.40		11,066.69	
(d) Other current liabilities	10	2,959.86		3,236.04	
(e) Short-term provisions	12	2,446.23	46,355.19	1,979.46	38,024.26
TOTAL			<u>271,327.63</u>		<u>205,902.56</u>
II ASSETS					
1 NON-CURRENT ASSETS					
(a) Fixed assets	13				
(i) Tangible assets (net)		1,553.32		1,415.49	
(ii) Intangible assets (net)		48,453.87		27,716.93	
(iii) Capital work-in-progress		496.53		475.99	
(iv) Intangible assets under development		84,861.90		66,969.81	
(b) Goodwill on consolidation (net)		5,753.15		5,232.59	
(c) Non-current investments (net)	14	4,675.68		6,527.51	
(d) Deferred tax assets	8	179.99		110.60	
(e) Long-term loans and advances (net)	16	11,203.94		8,116.57	
(f) Other non-current assets	18	83,438.44	240,616.82	68,175.57	184,741.06
2 CURRENT ASSETS					
(a) Current investments	15	15.28		343.74	
(b) Inventories	20	171.54		168.87	
(c) Trade receivables (net)	21	9,875.38		7,516.96	
(d) Cash and cash equivalents	22	6,712.84		4,202.12	
(e) Short-term loans and advances	17	9,559.13		6,053.00	
(f) Other current assets	19	4,376.64	30,710.81	2,876.81	21,161.50
TOTAL			<u>271,327.63</u>		<u>205,902.56</u>

Note 1 to 41 forms part of the consolidated 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

Managing Director

Director

Mumbai, 13 May 2014

Chief Financial Officer

Company Secretary

Mumbai, 13 May 2014

IL&FS TRANSPORTATION NETWORKS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

<u>Particulars</u>	<u>Note</u>	<u>Year ended 31 March 2014</u>	<u>Year ended 31 March 2013</u>
		₹ in million	
I Revenue from operations	24	65,869.90	66,448.38
II Other income	25	2,154.92	1,439.71
III Total revenue (I + II)		<u>68,024.82</u>	<u>67,888.09</u>
IV Expenses			
Cost of materials consumed	26	2,272.70	1,557.37
Operating expenses	27	36,337.25	39,489.14
Employee benefits expense	28	4,141.45	3,819.26
Finance costs	29	14,709.63	11,190.10
Depreciation and amortisation expense	13	1,510.18	944.06
Administrative and general expenses	30	4,222.19	3,203.91
Total expenses (IV)		<u>63,193.40</u>	<u>60,203.84</u>
V Profit before taxation (III-IV)		4,831.42	7,684.25
VI Tax expense:			
(1) Current tax		1,440.75	2,154.16
(2) Tax relating to earlier years written back (Refer note 37)		(495.07)	—
(3) Deferred tax (net)		(499.17)	274.41
(4) MAT Credit entitlement		(181.02)	(154.55)
Total tax expense (VI)		<u>265.49</u>	<u>2,274.02</u>
VII Profit before share of associates & share of minority interest (V-VI)		4,565.93	5,410.23
VIII Share of profit of associates (net)		50.66	46.82
IX Share of profit transferred to minority interest (net)		13.89	(254.94)
Profit for the year (VII+VIII+IX)		<u>4,630.48</u>	<u>5,202.11</u>
Earnings per equity share (Face value per share ₹ 10/-)	31		
(1) Basic		21.79	26.68
(2) Diluted		21.79	26.68

Note 1 to 41 forms part of the consolidated 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

Managing Director

Director

Mumbai, 13 May 2014

Chief Financial Officer

Company Secretary

Mumbai, 13 May 2014

IL&FS TRANSPORTATION NETWORKS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

<u>Particulars</u>	<u>Year ended 31 March 2014</u>	<u>Year ended 31 March 2013</u>
	<u>₹ in million</u>	
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest and Share of Associates	4,831.42	7,684.25
Adjustments for :-		
Interest income	(1,091.36)	(1,080.24)
Profit on sale of investments (net)	(12.72)	(11.68)
Dividend Income	(6.00)	(1.18)
Finance costs	14,709.63	11,190.10
Loss / (Profit) on sale of fixed assets (net)	31.59	(0.44)
Provision for employee benefits (net)	(59.18)	166.00
Depreciation and amortisation expense	1,510.18	944.06
Provision for Bad and Doubtful Debts	177.21	(54.33)
Provision / (Reversal) for Overlay expenses (net)	(240.66)	92.54
Reversal of provision for diminution in value of investments	—	(25.20)
Amortisation of goodwill	69.83	115.53
Amortisation of toll receivable account	31.41	30.76
Foreign currency fluctuation (gain) / loss and other adjustment	12.20	8.07
Excess provision written back	(0.98)	(7.70)
Preliminary expenses written off	—	0.05
Operating profit before Working Capital Changes	19,962.57	19,050.59
Adjustments changes in working capital:		
(Increase) / Decrease in Trade receivables	(876.59)	883.29
(Increase) / Decrease in other non-current and current assets and long-term and short-term loans and advances	(2,803.39)	476.45
Decrease in Trade payables, Other long-term and Other current liabilities	4,194.75	645.44
Cash Generated from Operations	20,477.34	21,055.77
Direct Taxes paid (Net)	(2,505.43)	(1,582.70)
Net Cash generated from Operating Activities (A)	17,971.91	19,473.07
Cash flow from Investing Activities		
Additions to fixed assets	(31,978.90)	(30,621.07)
Proceeds from sale of fixed assets	20.13	47.01
Increase in Receivable under Service Concession Arrangement (net)	(8,885.10)	(18,766.70)
Interest received	665.90	982.93
Purchase of / advance towards investments (net)	96.81	(195.97)
Proceeds from redemption / (purchase) of Mutual Funds & other units (net)	369.56	(208.66)
Movement in other bank balances	(1,139.06)	(1,732.07)
Long term loans repaid / (given) (net)	77.33	(201.21)
Short term loans given	(426.13)	(947.69)
Inter-corporate deposits encashed / (placed) (net)	(32.68)	673.30
Dividend received	6.00	1.18
Payment towards acquisition of subsidiary	(6.36)	—
Net Cash used in Investing Activities (B)	(41,232.50)	(50,968.95)
Cash flow from Financing Activities		
Proceeds from issue of Preference Shares (including securities premium)	7,529.00	—
Preference issue expenses adjusted against securities premium	(67.23)	—
Proceeds from borrowings	77,356.19	57,558.47
Repayment of borrowings	(41,802.46)	(15,711.72)
Finance costs paid	(20,460.33)	(13,713.18)
Dividend paid	(780.93)	(777.07)
Tax on Dividend paid	(162.21)	(129.89)
Capital Grant received	2,591.46	4,554.45
Proceeds from minority interest (including securities premium)	1,035.30	515.30
Restructuring Charges paid by a subsidiary	(869.37)	—
Net Cash generated from Financing Activities (C)	24,369.42	32,296.36
Net Increase in Cash and Cash Equivalents (A+B+C)	1,108.83	800.48
Cash and Cash Equivalent at the beginning of the year	3,577.60	2,742.62
Impact of Foreign Currency Translation	104.24	34.50
Impact of acquisition of subsidiary	(1,320.87)	—
Cash and Cash Equivalent at the end of the year	6,111.54	3,577.60
Net Increase in Cash and Cash Equivalents	1,108.83	800.48
Components of Cash and Cash Equivalents		
Cash on hand	35.91	23.42
Balances with Banks in current accounts	5,147.55	2,349.06
Balances with Banks in deposit accounts	928.08	1,205.12
Unpaid dividend accounts	6,111.54	3,577.60
Balances held as margin money or as security against borrowings	4.20	1.44
	597.10	623.08
Cash and Cash Equivalents	6,712.84	4,202.12

Note 1 to 41 forms part of the consolidated 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

Managing Director

Director

Mumbai, 13 May 2014

Chief Financial Officer
Mumbai, 13 May 2014

Company Secretary

NOTE—1: PRINCIPLES OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation:

- (a) The Consolidated Financial Statements (“CFS”) relates to IL&FS Transportation Networks Limited (the “Company”), its subsidiaries, jointly controlled entities, jointly controlled operations and associates. The Company, its subsidiaries, jointly controlled entities and jointly controlled operations constitute “the Group”.
- (b) The CFS are prepared in accordance with the Generally Accepted Accounting Principles in India, where applicable, Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 ((which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and Exposure Draft on the Guidance Note on Accounting for Service Concession Agreement (SCA) for Public-to-Private SCA to the extent it does not conflict with current Accounting Standards.
- (c) The preparation of the 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 consolidated financial statements, the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of its consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. In case the actual results are different are those from estimates, the effect thereof is given in the consolidated financial statements of the period in which the events materialise.

B. Principles of Consolidation:

- (a) The CFS have been prepared by the Company in accordance with Accounting Standards (AS) 21 on “Consolidated Financial Statements”, AS 27 on “Financial Reporting of Interests in Joint Ventures” and AS 23 on “Accounting for Investments in Associates in Consolidated Financial Statements”

Investments in Associates are accounted for under the equity method in accordance with AS 23 on “Accounting for Investments in Associates in Consolidated Financial Statements”.

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

As the financial assets and intangible assets recognised under service concession arrangement are acquired in exchange for infrastructure construction / upgrading services, gains / losses on intra group transactions are treated as realized and not eliminated on consolidation.

In case of foreign subsidiaries, revenue items are consolidated by applying the average rate prevailing during the period to the foreign currency amounts. All assets and liabilities are consolidated by applying the rates prevailing at the period end to the foreign currency amounts. Shareholder’s funds are consolidated by applying the transaction date rates to the foreign currency amounts.

- (b) The accounting policies of subsidiaries have been adjusted, as necessary and to the extent practicable, so as to ensure consistent accounting within the Group.
- (c) The excess of cost of the Group’s investments in each subsidiary, jointly controlled entity and associates over the Group’s share in equity of such entities, at the date on which such investment is made, is recognised as Goodwill and included as an asset in the Consolidated Balance Sheet. The excess of the Group’s share in equity of each subsidiary, jointly controlled entity and associates at the date on which the investment is made, over the cost of the investment is recognised as Capital Reserve and included as Reserves and Surplus under Shareholders’ Equity in the Consolidated Balance Sheet. Any change in the cost of the investment in subsidiary or jointly controlled entity post the acquisition thereof is effected by way of change in the goodwill on consolidation or capital reserve on consolidation, as the case may be.
- (d) Minority interest in the net assets of subsidiaries consists of amounts of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the dates of investments.
- (e) The financial statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2014 except for one overseas subsidiary viz. Elsamex S.A. whose audited financial statements (incorporating the financial statements

of its subsidiaries, jointly controlled entities/ operations and its associates) have been drawn for a period of twelve months up to 31 December 2013 and adjusted for effects of significant transactions and other events that have occurred between January 01, 2014 and 31 March 2014.

- C. The list of subsidiaries, which are included in the CFS with their respective country of incorporation and the Group's holding therein for each of the financial period / year are given below:

<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Group's Interest (%)</u>		<u>Date of Acquisition of Control</u>
		<u>As at March 14</u>	<u>As at March 13</u>	
1. Held directly:				
Gujarat Road and Infrastructure Company Limited ("GRICL")	India	83.61	83.61	11 January 2007
Scheme of ITNL Road Investment Trust ("IRIT")	India	100.00	100.00	13 March 2007
East Hyderabad Expressway Limited ("EHEL")	India	74.00	74.00	5 September 2007
ITNL Road Infrastructure Development Company Limited ("IRIDCL")	India	100.00	100.00	17 January 2008
IL&FS Rail Limited ("IRL")	India	71.37	69.29	4 February 2008
Elsamex SA (includes 22.61 % shares held through IIPL, previous year 22.61%) ("Elsamex")	Spain	100.00	100.00	18 March 2008
ITNL International Pte. Ltd. ("IIPL")	Singapore	100.00	100.00	19 September 2008
Vansh Nimay Infraprojects Limited ("VNIL")	India	90.00	90.00	25 March 2009
West Gujarat Expressway Limited ("WGEL")	India	74.00	74.00	10 June 2009
Hazaribagh Ranchi Expressway Limited ("HREL")	India	74.00	74.00	1 August 2009
Pune Sholapur Road Development Company Limited ("PSRDCL")	India	90.91	100.00	25 September 2009
Moradabad Bareilly Expressway Limited ("MBEL")	India	100.00	100.00	4 February 2010
Jharkhand Road Projects Implementation Company Limited ("JRPICL")	India	93.43	93.04	27 February 2010
Chenani Nashri Tunnelway Limited ("CNTL")	India	100.00	100.00	2 June 2010
MP Border Checkpost Development Company Limited ("MPBCDCL")	India	51.00	51.00	28 October 2010
Badarpur Tollway Operations Management Limited ("BTOML")	India	100.00	100.00	9 December 2010
Futureage Infrastructure India Limited ("FIIL")	India	58.48	61.22	14 July 2011
Charminar RoboPark Limited ("CRL")	India	89.20##	89.92##	27 July 2011
ITNL Offshore Pte. Ltd. ("IOPL")	Singapore	100.00	100.00	5 December 2011
Karyavattom Sports Facility Limited ("KSFL")	India	100.00	100.00	8 February 2012
Kiratpur Ner Chowk Expressway Limited ("KNCEL")	India	100.00	100.00	12 February 2012
Baleshwar Kharagpur Expressway Limited ("BKEL")	India	100.00	100.00	4 April 2012
Sikar Bikaner Highway Limited ("SBHL")	India	100.00	100.00	9 May 2012
Khed Sinnar Expressway Limited ("KSEL")	India	100.00	—	12 June 2013
Barwa Adda Expressway Limited ("BAEL")	India	100.00	—	27 June 2013
GIFT Parking Facilities Limited ("GPFL") ++	India	100.00	—	Incorporated on 9 January 2014

Name of the Subsidiary	Country of Incorporation	Proportion of Group's Interest (%)		Date of Acquisition of Control
		As at March 14	As at March 13	
2. Held through subsidiaries:				
North Karnataka Expressway Limited				
("NKEL")	India	93.50 [@]	93.50 [@]	21 March 2007
Atenea Seguridad Y Medio Ambiente S.A.U.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Senalizacion Viales e Imagen S.A.U.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Elsamex Internacional S.L.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Grusamar Ingenieria Y Consulting, S.L.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Elsamex Portugal S.A.	Portugal	70.00 ^{\$}	73.50 [*]	18 March 2008
Inteval Gestao Integral Rodoviaria S.A.	Portugal	100.00 ^{\$}	100.00 [*]	18 March 2008
Elsamex India Private Limited	India	99.15 ^{\$}	99.15 [*]	18 March 2008
Yala Construction Co Private Limited	India	96.03 ^{\$}	96.03 [*]	18 March 2008
Mantenimiento Y Conservacion De Vialidades				
S.A. DE C.V.	Mexico	64.00 ^{\$}	64.00 [*]	18 March 2008
ESM Mantenimiento Integral, SA DE CV	Mexico	100.00 ^{\$}	100.00 [*]	18 March 2008
CISEM-INTEVIA, S.A.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Control 7, S.A.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Grusamar Albania SHPK	Albania	51.00 ^{\$}	51.00 [*]	18 March 2008
Elsamex Brazil LTDA	Brazil	44.10 ^{\$^^}	44.10 [*]	18 March 2008
Rapid MetroRail Gurgaon Limited ("RMGL")	India	81.39 [#]	59.26 [#]	30 July 2009
Area De Servicio Coiros S.L.U.	Spain	100.00 ^{\$}	100.00 [*]	31 May 2010
Conservacion De Infraestructuras De Mexico S.A.				
DE C.V.	Mexico	96.40 ^{\$}	96.40 [*]	1 September 2010
Alcantarilla Fotovoltaica, S.L.U.	Spain	100.00 ^{\$}	100.00 [*]	17 December 2010
Area De Servicio Punta Umbria, S.L.U.	Spain	100.00 ^{\$}	100.00 [*]	17 December 2010
ITNL International JLT ("IJLT")	UAE	100.00	100.00	17 May 2012
Beasolarta S.A.U.	Spain	100.00 ^{\$}	100.00 [*]	29 November 2012
Rapid MetroRail Gurgaon South Limited				
("RMGSL")	India	81.39 ^{@@}	80.04 ^{@@}	6 December 2012
ITNL Africa Projects Ltd. ("IAPL")	Nigeria	100.00 [^]	100.00 [^]	28 February 2013
Grusamar India Limited	India	100.00 ^{\$}	—	21 March 2013
Elsamex Construcao E Manutencao LTDA	Brazil	99.99 ^{\$}	—	26 June 2013
Sharjah General Services Company LLC				
("SGSC")	UAE	49.00 ^{**}	—	9 October 2013
IPL USA LLC	USA	100.00	—	20 November 2013
Andhra Pradesh Expressway Limited	India	86.74 ^{\$}	—	27 March 2014
Elsamex Maintenance Services limited	India	99.88 ^{\$}	—	12 September 2013
Elsamex LLC ⁺	USA	100.00 ^{\$}	—	Incorporated on 26 September 2013
Grusamar Engenharia y Consultoría Brasil				
LTDA ⁺⁺	Brazil	99.99 ^{\$}	—	Incorporated on 29 August 2013
GRICL Rail Bridge Development Company				
Limited ("GRBDCL") ⁺⁺	India	100.00	—	Incorporated on 24 February 2014

^{\$} Proportion of Group's Interest as at 31 December 2013

^{*} Proportion of Group's Interest as at 31 December 2012

[@] Out of the above 13.00% is held directly by the Company and balance 80.50% through the scheme of IRIT (Previous year 13.00% held by the Company and balance 80.50% through the scheme of IRIT).

^{@@} Out of the above 35.00% is held directly by the Company and balance 46.16% through the IRL. (Previous year 35.00% held by Company and balance 45.04% held through IRL).

[#] Out of the above 35.00% is directly held by the Company and balance 46.16% through IRL (Previous year 26.00% held by Company and balance 33.26% held through IRL).

^{##} Out of the above 74.00% is directly held by the Company and balance 15.44% through FIIL (Previous year 74.00% held by Company and balance 15.92% held through FIIL)

[^] Out of the above 0.50 % is directly held by the Company and balance 99.50% through IIPL (Previous year 0.50 % held by Company and balance 99.50% through IIPL)

^^ Elsamex Portugal S.A directly holds 63% in Elsamex Brazil LTDA and Elsamex S.A. directly holds 70% in Elsamex Portugal S.A. Accordingly, Groups proportionate holding comes to 44.10%. (Previous year—Elsamex Portugal S.A directly holds 63% in Elsamex Brazil LTDA and Elsamex S.A. directly holds 70% in Elsamex Portugal S.A. Accordingly, Groups proportionate share comes to 44.10%)

** I IPL has entered into a shareholders agreement with other shareholders of SGSC wherein the profit and loss are shared by I IPL 70% and other shareholders 30%. I IPL has Board control on SGSC.

\$\$ Out of the above 12.74 % is directly held by the Company and balance 74% through IRIT

++ In these entities there has been no investments made by the Group. These are considered to be subsidiary based on subscription to the Memorandum & Articles of Association and / or Board control.

D. The financial position and results (after eliminations) of BAEL, KSEL, SGSC, I IPLUS, APEL, GRBDCL, Grusamar India Limited, Elsamex Construcáo E Manutencao LTDA , Elsamex Maintenance Services limited, Elsamex LLC, Grusamar Engenharia Y Consultoría Brasil LTDA and GPFL which became subsidiaries during the year ended 31 March 2014 are given below:

	<u>BAEL</u>	<u>KSEL</u>	<u>SGSC</u>	<u>I IPLUS</u>	<u>APEL</u>
	₹ in million				
Equity and Liability as at 31 March 2014					
Shareholder's Funds (Including share application money)	(4.56)	(6.37)	(12.13)	(3.89)	(169.59)
Non-current liabilities	—	147.76	—	—	5,825.71
Current liabilities	185.51	43.87	0.08	—	764.72
	<u>180.95</u>	<u>185.26</u>	<u>(12.05)</u>	<u>(3.89)</u>	<u>6,420.84</u>
Assets as at 31 March 2014					
Fixed Assets (Net Block)	2,339.73	4,016.01	1.53	—	1.99
Non-current assets	—	9.72	0.08	—	7,408.96
Current assets	7.26	107.67	3.34	58.67	1,393.30
	<u>2,346.99</u>	<u>4,133.40</u>	<u>4.96</u>	<u>58.67</u>	<u>2,534.50</u>
Income for the period (from the date of incorporation / acquisition to 31 March 2014)					
Operating income	2,099.56	3,774.77	—	—	9.35
Other income	—	—	—	—	2.77
Total Income	<u>2,099.56</u>	<u>3,774.77</u>	<u>—</u>	<u>—</u>	<u>12.13</u>
Expenses for the period (from the date of incorporation / acquisition to 31 March 2014)					
Operating expenses	238.13	199.24	0.07	1.44	1.01
Depreciation	—	—	0.14	—	0.01
Interest cost	—	—	—	—	9.08
Other administrative expenses	4.56	8.39	4.56	—	0.23
Total Expenses	<u>242.69</u>	<u>207.63</u>	<u>4.77</u>	<u>1.44</u>	<u>10.32</u>
Profit / (Loss) for the period before tax	1,856.86	3,567.14	(4.77)	(1.44)	1.80
Taxes	—	—	—	—	—
Profit / (Loss) for the period after tax	<u>1,856.86</u>	<u>3,567.14</u>	<u>(4.77)</u>	<u>(1.44)</u>	<u>1.80</u>

	GRBDCL	Grusamer India Ltd.	Elsamex Construcao E Manutencao LTDA	Elsamex Maintenance Services Ltd.
	₹ in million			
Equity and Liability as at 31 March 2014				
Shareholder's Funds (Including share application money)	(0.02)	5.78	(1.10)	0.44
Non-current liabilities	—	—	—	—
Current liabilities	—	11.57	2.19	—
	<u>(0.02)</u>	<u>17.35</u>	<u>1.09</u>	<u>0.44</u>
Assets as at 31 March 2014				
Fixed Assets (Net Block)	—	—	0.20	—
Non-current assets	—	—	—	0.02
Current assets	—	17.35	0.89	0.42
	<u>—</u>	<u>17.35</u>	<u>1.09</u>	<u>0.44</u>
Income for the period (from the date of incorporation / acquisition to 31 March 2014)				
Operating income	—	24.53	—	—
Other income	—	0.07	—	—
Total Income	<u>—</u>	<u>24.59</u>	<u>—</u>	<u>—</u>
Expenses for the period (from the date of incorporation / acquisition to 31 March 2014)				
Operating expenses	—	16.70	—	—
Depreciation	—	—	—	—
Interest cost	—	—	0.02	—
Other administrative expenses	0.02	0.12	0.30	0.04
Total Expenses	<u>0.02</u>	<u>16.83</u>	<u>0.32</u>	<u>0.04</u>
Profit / (Loss) for the period before tax	(0.02)	7.77	(0.32)	(0.04)
Taxes	—	2.41	—	—
Profit / (Loss) for the period after tax	<u>(0.02)</u>	<u>5.35</u>	<u>(0.32)</u>	<u>(0.04)</u>

The financial position and results (after eliminations) of BKEL, SBHL, IJLT, Beasolarta S.L.U., IAPL and RMGSL, which became subsidiaries during the year ended 31 March 2013 are given below:

	BKEL	SBHL	IJLT	Beasolarta SLU	IAPL	RMGSL
	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013
	₹ in million					
Equity and Liability as at						
Shareholder's Funds (including share application money)	101.75	117.65	(21.38)	(0.31)	(9.73)	(0.35)
Non-current liabilities	—	—	—	—	—	0.52
Current liabilities	111.16	4.93	3.23	146.88	0.17	281.42
	<u>212.91</u>	<u>122.58</u>	<u>(18.15)</u>	<u>146.57</u>	<u>(9.56)</u>	<u>281.59</u>
Assets as at						
Fixed Assets (Net Block)	1,317.90	1,733.89	44.44	147.54	34.22	1,484.90
Non-current assets	0.01	2.14	4.15	0.86	—	8.43
Current assets	90.27	9.23	13.79	0.47	156.27	28.61
	<u>1,408.18</u>	<u>1,745.26</u>	<u>62.38</u>	<u>148.87</u>	<u>190.49</u>	<u>1,521.94</u>
Income for the period (from the date of incorporation / acquisition to 31 March 2013)						
Operating income	1,251.92	1,663.61	—	0.31	—	1,214.57
Other income	0.01	—	—	—	—	—
Total Income	<u>1,251.93</u>	<u>1,663.61</u>	<u>—</u>	<u>0.31</u>	<u>—</u>	<u>1,214.57</u>

	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>
Expenses for the period (from the date of incorporation / acquisition to 31 March 2013)						
Operating expenses	77.32	86.75	—	—	—	235.57
Depreciation	—	—	0.95	0.03	—	0.02
Other administrative expenses	7.91	10.50	21.78	0.59	10.08	0.33
Total Expenses	<u>85.23</u>	<u>97.25</u>	<u>22.73</u>	<u>0.62</u>	<u>10.08</u>	<u>235.92</u>
Profit/(Loss) for the period before tax	1,166.70	1,566.36	(22.73)	(0.31)	(10.08)	978.65
Taxes	—	—	—	—	—	—
Profit/(Loss) for the period after tax	<u>1,166.70</u>	<u>1,566.36</u>	<u>(22.73)</u>	<u>(0.31)</u>	<u>(10.08)</u>	<u>978.65</u>

E. Interest in Jointly Controlled Entities:

- (a) The financial statements (consolidated financial statements where applicable) of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method.
- (b) The accounting policies in the jointly controlled entities have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) The Group's interest in jointly controlled entities are:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Date of Acquisition of Joint Control</u>	<u>Proportion of Group's Interest (%)</u>	
			<u>As at March 14</u>	<u>As at March 13</u>
Held Directly :				
Noida Toll Bridge Company Limited (NTBCL)	India	Various dates	25.35	25.35
N.A.M. Expressway Limited (NAMEL) ..	India	15 June 2010	50.00	50.00
Jorabat Shillong Expressway Limited (JSEL)	India	18 June 2010	50.00	50.00
Held through Subsidiaries :				
Consorcio De Obras Civiles S.R.L	R.Dominicana	11 December 2009	34.00 ^{\$}	34.00*
Geotecnia y Control De Qualitat, S.A.	Spain	15 July 2010	50.00 ^{\$}	50.00*
Vias Y Construcciones S. R. L.	R.Dominicana	12 August 2010	50.00 ^{\$}	50.00*
Chongqing Yuhe Expressway Co. Ltd.	China	27 December 2011	49.00	49.00

Footnote: NTBCL includes ITNL Toll Management Services Limited, a subsidiary of NTBCL, which is also an associate of the Company.

^{\$} Proportion of Group's Interest as at 31 December 2013

* Proportion of Group's Interest as at 31 December 2012

F. Interest in Joint Controlled Operations :

- (a) The financial statements (including consolidated financial statements where applicable) of the jointly controlled operations have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method. The financial statements of the jointly controlled operations are prepared by the respective operators in accordance with the requirements prescribed by the joint operating agreements of the jointly controlled operations.
- (b) The accounting policies of jointly controlled operations have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.

(c) The Group's interest in jointly controlled operations are:

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>As at March 14*</u>	<u>As at March 13*</u>
Api Conservacion-Elsamex UTE Teruel II	50%	50%
Asfaltos Uribe-Norte Industrial-Construcciones Eder-Elsamex UTE Durango		
Bi	28%	28%
Atenea—Basoinsa UTE Atda Bergara Zizurkil	50%	50%
Atenea—Consulnima UTE Consultea	50%	50%
Atenea—Grusamar UTE Medio Ambiente-Comunidad Valenciana	—	50%
Atenea—Inastecan UTE Supervision Baleares 2008	—	80%
Atenea—Iz Ingenieros UTE Atda Embalse De Flix	50%	50%
Betancourt—Grusamar UTE Linares	50%	50%
Betancourt —Grusamar UTE Rio Alhama	50%	50%
Cgs-Geoteyco-Ciesm-Enmacosa UTE 2/2006	—	25%
Compañía General De Sondeos-Geoteyco-Emcosa-Ciesm-Sondeos Del Sur		
UTE 6/2004	—	23%
Con Interaniño	50%	50%
Cons.Carreteras del Sur	60%	60%
Cons.Jose Saldis	34%	34%
Corsan Corviam-Elsamex UTE Corelsa	50%	50%
Dair—Intevia	50%	50%
Elsamex- Martín Casillas UTE Conservación Cádiz	50%	50%
Elsamex-Arias UTE Conservación Coruña II	60%	60%
Elsamex-Asfaltos Uribe Este Señal UTE Durango II	45%	45%
Elsamex-Asfaltos Urretxu UTE Itziar	50%	50%
Elsamex-Cauchil UTE Elsamex- Cauchill Jaen	80%	80%
Elsamex-Const.Hispánica UTE Peaje La Jonquera	—	50%
Elsamex-Fitonovo UTE Casa Del Queso	—	50%
Elsamex-Iberseñal UTE Señalización Madrid	60%	60%
Elsamex-Oca UTE Conservación Orense III	50%	50%
Elsamex-Oca UTE Coruña III	70%	70%
Elsamex-Opsa UTE Peri Serrano Uribe	—	80%
Elsamex-Rubau UTE Argentona	50%	50%
Elsamex-Sando UTE II Conservación A-395	50%	50%
Elsamex-Sando UTE Refuerzo Del Firme A-395	—	50%
Elsamex-Torrescamara UTE Presas	50%	50%
Elsamex-Velasco UTE Polideportivos Hortaleza	—	50%
Elsamex-Velasco UTE Polideportivos Latina	50%	50%
Elsamex-Velasco UTE Polideportivos Tetuán	—	50%
Elsamex-Vimac UTE Vimac 01	—	50%
Elsan Pacsa-Elsamex UTE Navalvillar De Pela II	50%	50%
Epsilon	35%	35%
Geoteyco-Cgs-Ciesm-Enmacosa 2/2008	24%	24%
Grusamar—Inserco UTE Santas Martas Palanquinos	—	50%
Grusamar—Kv Consultores UTE Puerto De Mahon	—	80%
Grusamar—Progescan UTE Areas De Servicio	100%	100%
Grusamar—Prover UTE Zeneta San Javier	—	50%
Grusamar- Elsamex—Atenea	30%	30%
Grusamar Elsamex Atenea UTE Seguridad Vial Murcia	50%	50%
Grusamar-Ineco- Inastecan UTE Arucas	40%	40%
Grusamar-Elsamex-Atenea UTE Seguridad Vial Murcia	20%	20%
Gusamar—Ineco UTE Inversiones 2008	—	50%
Intevia-Grusamar UTE Seguridad Vial Norte	30%	30%
Intevia-Grusamar UTE Seguridad Vial Norte	70%	70%
Intevia-Grusamar-Dair UTE Seguridad Vial Bizkaia	10%	10%
Intevia-Grusamar-Dair UTE Seguridad Vial Bizkaia	60%	60%
Serop-Elsamex UTE Mantenimiento Serop-Elsamex	50%	50%

<u>Name of the Jointly Controlled Operations</u>	Proportion of Group's Interest (%)	
	As at March 14^s	As at March 13[*]
UTE Abedul Cáceres	25%	25%
UTE Abedul Orihuela	25%	25%
UTE Abedul Ponferrada	25%	25%
UTE Abedul Villavidel	25%	25%
UTE Abedul Zamora	25%	25%
UTE Almanzora	65%	65%
UTE AP-7 Ondara	60%	60%
UTE Arona	60%	60%
UTE Asistencia Molinar	52%	0%
UTE Atenea-Paymacotas	40%	40%
UTE Atenea-Prevecons	55%	55%
UTE Autovia de Santiago	50%	50%
UTE Bizcaya Bi	37.5%	28%
UTE Boca Chica Sucursal Dominicana	—	100%
UTE CAP 1	50%	50%
UTE CEIP 1	50%	50%
UTE Cican Ciesm	50%	50%
Ute Conservacion Almeria	70%	70%
Ute Conservacion Asturias	50%	50%
UTE Conservacion Caceres	50%	50%
UTE Conservacion Grupo Sur	—	100%
UTE Cordoba	50%	50%
UTE Dallas	50%	50%
UTE Elsamex Arias Oca Conservación Orense	50%	50%
UTE Elsamex-Alpidesa	—	50%
UTE Elsamex-Lujan Alicante	50%	50%
UTE Grusamar—OHS Ingeniería Y Urbanismo UTE Travesía De Hermigua	50%	50%
UTE Grusamar-Eyser	50%	50%
Ute Grusamar-Ingelan	60%	60%
Ute Grusamar-Intecsa-Inarsa-Atenea	30%	30%
Ute Grusamar-Intecsa-Inarsa-Atenea	30%	30%
UTE Grusumar-Inserco Rambla Retamar	50%	50%
UTE intevia tairona castinsa	—	30%
UTE Mantenimient De Cuenca	50%	50%
UTE Parking Estacion Intermodal	50%	—
UTE Pycsa—Atenea	—	50%
UTE Romana Sucursal Dominicana	—	100%
UTE Sector 03	—	50%
UTE SG-2/2011	24%	24%
UTE Sur Sevilla	50%	50%
UTE Tren Mallorca	80%	80%
UTE Urbanizacion Centro	30%	30%
UTE Viales el Jable	50%	50%
UTE Vizcaya II	45%	45%
Consortio Elsamex-Grusamar Ecuador	100%	—
JV Elsamex—Ascon	50%	—
UTE Control 7 Geoplaning	50%	—
Elsamex—ITNL JVCA	100% [@]	—

\$ Proportion of Group's Interest as at 31 December 2013

* Proportion of Group's Interest as at 31 December 2012

@ Proportion of Group's Interest as at 31 March 2014

G. Investments in Associates:

- (a) An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and / or operating policy decisions of such enterprises. In accordance with AS 23 the investments are carried in the Consolidated Balance Sheet at cost as adjusted by post acquisition changes in the Group's share in the Reserves and Surplus of Associates.
- (b) The accounting policies of associates have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) Details of associates and ownership interest are as follows:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Proportion of Group's Interest (%)</u>	
		<u>As at March 14</u>	<u>As at March 13</u>
1. Held directly :			
Andhra Pradesh Expressway Limited ("APEL")	India	—	49.00
Thiruvananthapuram Road Development Company Limited ("TRDCL")	India	50.00	50.00
ITNL Toll Management Services Limited ("ITMSL") (see footnote below)	India	49.00	49.00
Warora Chandrapur Ballarpur Toll Road Limited ("WCBTRL") ..	India	35.00	35.00
2. Held through Subsidiaries :			
Centro de Investigaciones de Curretros Andalucía S.A.	Spain	—\$	49.00*
Labetec Ensayos Técnicos Canarios, S.A.	Spain	—\$	50.00*
CGI 8 S.A.	Spain	49.00\$	49.00*
Elsamex Road Technology Company Limited	China	23.44\$	23.44*
Sociedad Concesionaria Autovía A-4 Madrid S.A	Spain	48.75\$	48.75*
VCS Enterprises Limited	India	30.00\$	30.00*
Ramky Elsamex Hyderabad Ring Road Limited	India	26.00\$	26.00*
Empresas Pame sa De CV	Mexico	34.10\$	34.00*
Zhejiang Elsamex Road Technology Co Ltd	China	23.44\$	—*
Zhejiang Elsamex Road Construction Equipment Co Ltd	China	23.44\$	—*

Note: ITMSL is a subsidiary of NTBCL which is consolidated as a Jointly Controlled Entity.

\$ Proportion of Group's Interest as at 31 December 2013

* Proportion of Group's Interest as at 31 December 2012

H. Goodwill on consolidation:

- (a) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.
- (b) Goodwill arising from the acquisition of associates is included in the value of the holdings in the associate.
- (c) Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Consolidated Statement of Profit and Loss.
- (d) Goodwill on acquisition of the foreign subsidiary is restated at the rate prevailing at the end of the period.
- (e) Goodwill on consolidation pertaining to subsidiaries/jointly controlled entities (special purpose vehicles) having a definite concession period is amortise, over the balance concession period on a systematic basis.

I. Debenture issue expenditure

Incremental costs directly attributable to the issue of debentures are being charged to the Consolidated Statement of Profit and Loss over the period of redemption of debentures.

J. Accounting for Rights under Service Concession Arrangements

i. Recognition and measurement

The Group builds infrastructure assets under public-to-private Service Concession Arrangements (SCAs) which it operates and maintains for periods specified in the SCAs.

Under the SCAs, where the Group has received the right to charge users of the public service, such rights are recognised and classified as “Intangible Assets”. Such 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 recognised and classified as intangible assets. Such an intangible asset is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalised when the project is complete in all respects and when the Company receives the final completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the project is to have the complete length of the road available for use. The economics of the project is for the entire length of the road as per the bidding submitted by the Company. The component based certification which is received is an intermediate mechanism provided in the Concession Agreement to provide a right to collect a discounted toll to compensate the company for cost recovery during construction period and for any delays beyond the control of the Company. However, where there is other than temporary delay due to reasons beyond the control of the Company, the management may treat constructed portion of the road as a completed project.

Under the SCAs, 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 Arrangements”.

Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, overlay services) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

ii. Contractual obligation to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets, the timing and amount of such cost are estimated and recognised on an undiscounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts. In case of financial assets, such costs are recognised in the year in which such costs are actually incurred.

iii. Revenue recognition

Revenue from construction services is recognised according to the stage of completion of the contract, which depends on the proportion of costs incurred for the work performed till date to the total estimated contract costs provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is estimated to be profitable, revenue is recognised to the extent of recoverable costs. Any expected loss on a contract is recognised as an expense immediately. Revenue is not recognised when the concerns about collection are significant

Revenue from financial asset is recognised in the Consolidated Statement of Profit and Loss as interest, finance income calculated using the effective interest method from the year in which construction activities are started.

Revenue from operating and maintenance services and from overlay services is recognised in the period in which such services are rendered.

Discounted Revenue collected on receipt of the component based certification is reduced from the cost of the Intangible asset as the construction work on remaining portion is still in progress and the entire asset is not ready for its intended purpose.

Revenue from intangible assets is recognised in the period of collection which generally coincides with the usage of the public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

iv. Borrowing cost

In respect of a financial asset, borrowing costs attributable to construction of the road are charged to Consolidated Statement of Profit and Loss in the period in which such costs are incurred.

In respect of an intangible asset, borrowing costs attributable to the construction of roads are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs subsequent to the final completion certificate of the asset / facility as specified in Concession Agreement are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

v. Amortisation of Intangible Asset

The intangible rights which are recognised in the form of right to charge users of the infrastructure asset are amortised by taking proportionate of actual revenue earned for the year / period over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year / period over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

Total Projected Revenue shall be reviewed at the end of the each financial year and the total projected revenue shall be adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

vi. Amortisation of Toll Receivable Account

Toll receivable account amortised over the balance estimated period of concession. Amortisation is been done on the basis of revenue for the year to the total estimated revenue over the balance estimated period of concession.

K. Fixed Assets and Depreciation/Amortisation:

(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Group 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 site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation on tangible fixed assets is computed as under:

- (i) In respect of premises, depreciation is computed on the Straight Line Method at the rates provided under Schedule XIV of the Companies Act, 1956.
- (ii) The Group has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:

<u>Asset Type</u>	<u>Useful Life</u>
Computers	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 years

- (iii) Leasehold improvement costs are capitalised and amortised on a straight-line basis over the period of lease agreement unless the corresponding rates under Schedule XIV are higher, in which case, such higher rates are used.
- (iv) All categories of assets costing less than ₹ 5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of purchase.

- (v) Depreciation on fixed assets, other than on assets specified in K (a) (i), (ii), (iii) and (iv) above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956. Depreciation is computed pro-rata from the date of acquisition of and up to the date of disposal.

(b) Intangible assets and amortisation

Intangible assets, other than those covered by SCAs, comprise of software and amounts paid for acquisition of commercial rights under an “Operation and Maintenance” agreement for a toll road project and are depreciated as follow:

<u>Asset Type</u>	<u>Useful Life</u>
Licensed Software	Over the licence period
Intellectual Property Rights	5 – 7 years
Commercial Rights acquired under Operations and Maintenance Agreement	The minimum balance period of the concession agreement relating to the corresponding toll road project

Intangible assets are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any.

Acquired intangible assets are reported separately from goodwill if they fulfil the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner.

An impairment test of such intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Consolidated Statement of Profit and Loss.

Intangible assets, other than those covered by SCAs, are amortised on a “straight line” basis over their estimated useful lives. The estimated useful life of software is four years. The amount paid for acquisition of the rights under the “Operations and Maintenance” agreement is amortised over the minimum balance period (as at the time of acquisition) of the concession agreement relating to the corresponding toll road project.

L. Impairment of Assets:

The carrying values of assets of the Group’s cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

M. Government Grants:

- (a) Government grants are recognised only when it is reasonably certain that the related entity will comply with the attached conditions and the ultimate collection is not in doubt.
- (b) Grants received as compensation for expenses or losses are taken to the Consolidated Statement of Profit and Loss is accounted in the period to which it relates. Grants in the nature of promoter’s contribution are treated as Capital Reserve.
- (c) Grants related to specific fixed assets are treated as deferred income, which is recognised in the Consolidated Statement of Profit and Loss in proportion to the depreciation charge over the useful life of the asset.

N. Investments:

- (a) Investments are capitalised at actual cost including costs incidental to acquisition, net of dividend received (net of tax) attributable to the period prior to acquisition of investment.
- (b) Investments are classified as long term or current at the time of making such investments.
- (c) Long term investments are individually valued at cost, less provision for diminution, which is other than temporary.

- (d) Current investments are valued at the lower of cost and market value.
- (e) Cost of investment property acquired in exchange for an asset is determined by reference to the fair value of the asset given up.

O. Inventories:

- (a) Inventories are valued at the lower of cost and net realisable value. Net realisable value is estimated at the expected selling price less estimated selling costs.
- (b) Costs for trading goods are determined using the annual weighted average principle and includes purchase price and non-refundable taxes.
- (c) Cost of raw material includes purchase price and non-refundable taxes.
- (d) Cost of manufactured goods include direct and indirect cost
- (e) Inventories of electronic cards (prepaid cards) and on-board units are valued at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis.

P. Recognition of Revenue other than from Service Concession Arrangements:

- (a) Revenue is recognised when it is realised or realisable and earned. Revenue is considered as realised or realisable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured.
- (b) Revenue in respect of arrangements made for rendering services is recognised over the contractual term of the arrangement. In respect of arrangements which provide for an upfront payment followed by additional payments as certain conditions are met (milestone payments), the amount of revenue recognised is based on the services delivered in the period as stated in the contract. In respect of arrangements where fees for services rendered are success based (contingent fees), revenue is recognised only when the factor(s) on which the contingent fees is based actually occur. In respect of the Group's trading activities, revenue is recognised on dispatch of goods, which coincides with the significant transfer of risks and rewards.
- (c) Revenue realised from grant of advertisement rights is recognised as follows:
 - (i) Development fees are recognised as income during the year in which the advertisement rights are granted.
 - (ii) License fees are recognised as income on a "Straight-Line" basis over the duration of the license.
- (d) Revenue from development projects under fixed-price contracts, where there is no uncertainty as to measurement or collectability of consideration is recognised based on the milestones reached under the contracts. Pending completion of any milestone, revenue recognition is restricted to the relevant cost which is carried forward as part of Unbilled Revenue.
- (e) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable provided it is not unreasonable to expect ultimate collection.

Q. Foreign Currency Transactions:

- (a) Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange difference arising on settlement thereof during the year is recognised as income or expenses in the Consolidated Statement of Profit and Loss.
- (b) Cash and bank balances, receivables, (other than those that are in substance the Group's net investment in a non integral foreign operation), and liabilities (monetary items) denominated in foreign currency outstanding as at the period-end are valued at closing date rates, and unrealised translation differences are included in the Consolidated Statement of Profit and Loss.
- (c) Non monetary items (such as equity investments) denominated in foreign currencies are reported using exchange rate as at the date of the transaction. Where such items are carried at fair value, these are reported using exchange rates that existed on dates when the fair values were determined.
- (d) Inter-company receivables or payables for which settlement is neither planned nor likely to occur in the foreseeable future and are in substance an extension to or a deduction from the Group's net investments in a foreign entity are translated at closing rates but the exchange differences arising are accumulated in

a foreign currency translation reserve until disposal of the net investment, at which time they are recognised as income or expense in the Consolidated Statement of Profit and Loss. Any repayment of receivables or payables forming part of net investment in foreign operations is not considered as partial disposal of investments in foreign operations and amounts previously recognised in the foreign currency translation reserve are not adjusted until the disposal of the ownership interest occurs.

- (e) The Group's forward exchange contracts are not held for trading or speculation. The premium or discount arising on entering into such contracts is amortised over the life of the contracts and exchange difference arising on such contracts is recognised in the Consolidated Statement of Profit and Loss.

R. Employee Benefits:

a. Short Term

Short term 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 Group.

b. Long Term

The Group has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Group and in the case of some defined contribution plans by the Group along with its employees.

(i) Defined-contribution plans

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Group's payments to the defined contribution plans are reported as expenses in the period in which the employees perform the services that the payment covers.

(ii) Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

The actuarial gains and losses are recognised immediately in the Consolidated Statement of Profit and Loss.

c. Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the period end are reported as expenses during the period in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

S. Taxes on Income:

- (a) Taxes include taxes on income, adjustment attributable to earlier periods and changes in deferred taxes. Taxes are determined in accordance with enacted tax regulations and tax rates in force and in the case of deferred taxes at rates that have been substantively enacted.
- (b) The provision for tax has been taken for each consolidating entity on the basis of the standalone financial statements prepared under Indian GAAP by that entity and has been aggregated for the purpose of the CFS.
- (c) Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a period different from when they are recognised in the financial statements.

- (d) Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Group's entities carry forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.
- (e) The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.
- (f) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the future period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associates with it will flow to the Company.

T. Provisions, Contingent Liabilities and Contingent Assets:

- (a) A provision is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- (b) Provision for final dividend payable (including dividend tax thereon) is made in the financial statements of the period to which the dividend relates when the same is proposed by the Board of Directors after the Balance Sheet date but before the approval of financial statements of the period to which the dividend relates. Provision for interim dividend payable (including dividend tax thereon) is made in the financial statements of the period in which the same is declared by the Board of Directors.
- (c) Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.
- (d) These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (e) Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.
- (f) A contingent asset is neither recognised nor disclosed.

U. Segment Reporting:

- (a) Segment revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment.
- (b) Revenue, expenses, assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated Revenue/Expenses/Assets/Liabilities".

V. Borrowing Costs:

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

W. Earnings Per Share:

- (a) Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the period.
- (b) Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders of the Group by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

X. Derivative Transactions:

- (a) Premium paid on acquisition of option contracts is treated as a current asset until maturity. If the premium paid exceeds the premium prevailing as at the date of the balance sheet, the difference is charged to the Consolidated Statement of Profit and Loss. If the prevailing premium as at the balance sheet date exceeds the premium paid for acquiring option contracts, the difference is not recognised.
- (b) Premium received on option contracts written is treated as a current liability until maturity. If the premium prevailing on the balance sheet date exceeds the premium received on such options, the difference is charged to the Consolidated Statement of Profit and Loss. If the prevailing premium as at the balance sheet date falls short of the premium received for writing option contracts, the difference is not recognised.
- (c) Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholder's funds and the ineffective portion is recognised immediately in Consolidated Statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in Consolidated Statement of profit and loss.

Premium paid on option contracts acquired is treated as an asset until maturity. Premium received on option contracts written is treated as liability until maturity. In case of Forward exchange contracts which are not intended for trading or speculation purposes, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Consolidated Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Y. Leases:

- (a) Finance leases, which effectively transfer to the Group substantial risks and benefits incidental to ownership of the leased item, are capitalised and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
- (b) Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated 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.

Z. 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.

AA. Consolidated Cash Flow Statement:

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

AB. Redemption Premium on Preference Shares:

Premium on redemption of Preference Shares, is recognised by the Company out of Securities Premium Account prior to the contractual date of redemption of the Preference Shares.

Premium on redemption which is contractually accruing annually to the preference shareholders is accrued by way of appropriation out of Statement of Profit and Loss.

IL&FS TRANSPORTATION NETWORKS LIMITED

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2014

Note 2: Share capital

<u>Particulars</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Number of shares</u>	<u>₹ in million</u>	<u>Number of shares</u>	<u>₹ in million</u>
Authorised				
Equity Shares of ₹ 10/- each	500,000,000	5,000.00	250,000,000	2,500.00
Preference Shares of ₹ 10/- each	1,000,000,000	10,000.00	—	—
Issued, Subscribed and Paid up (refer foot note no. i, ii, iii and iv)				
Equity Shares of ₹ 10/- each fully paid	194,267,732	1,942.68	194,267,732	1,942.68
Cumulative Non-Convertible Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid	376,450,000	3,764.50	—	—
Total	570,717,732	5,707.18	194,267,732	1,942.68

Foot Notes:

- i. Of the above 135,000,000 (As at 31 March 2013 : 135,000,000) shares are held by the holding Company viz. Infrastructure Leasing & Financial Services Limited (“IL&FS”) and 2,440,534 (As at 31 March 2013 : 2,440,534) equity shares are held by fellow subsidiary viz. IL&FS Financial Services Limited. 100,000,000 CRPS each are held by a fellow subsidiaries viz. IL&FS Maritime Infrastructure Company Limited (“IMICL”) and IL&FS Financial Services Limited (“IFIN”), respectively.
- ii. Reconciliation of the number of equity shares and Cumulative Non-Convertible Compulsorily Redeemable Preference Shares (“CNCRPS”) outstanding at the beginning and at the end of the reporting period:

<u>Equity Shares</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Number of Shares</u>	<u>₹ in million</u>	<u>Number of Shares</u>	<u>₹ in million</u>
Shares outstanding at the beginning of the year	194,267,732	1,942.68	194,267,732	1,942.68
Shares outstanding at the end of the year	194,267,732	1,942.68	194,267,732	1,942.68

<u>Cumulative Non-Convertible Compulsorily Redeemable Preference Shares</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Number of Shares</u>	<u>₹ in million</u>	<u>Number of Shares</u>	<u>₹ in million</u>
Shares outstanding at the beginning of the year	—	—	—	—
Shares issued during the year	376,450,000	3,764.50	—	—
Shares outstanding at the end of the year	376,450,000	3,764.50	—	—

- iii. Shareholders holding more than 5% of issued, subscribed and paid up equity share capital and Cumulative Non-Convertible Compulsorily Redeemable Preference Shares:

<u>Equity Shareholder</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Number of Shares held</u>	<u>% of total holding</u>	<u>Number of Shares held</u>	<u>% of total holding</u>
IL&FS	135,000,000	69.49%	135,000,000	69.49%

<u>Cumulative Non-Convertible Compulsorily Redeemable Preference Shares</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Number of Shares</u>	<u>% of total holding</u>	<u>Number of Shares</u>	<u>% of total holding</u>
IMICL	100,000,000	26.56%	—	—
IFIN	100,000,000	26.56%	—	—
Azim Hasham Premji	25,000,000	6.64%	—	—
L and T Infrastructure Finance Company Limited	25,000,000	6.64%	—	—

- iv. The Company has one class of equity shares with face value of ₹ 10 each fully paid-up. Each shareholder has a voting right in proportion to his holding in the paid-up equity share capital of the Company. Where final dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the Annual General Meeting.

The Company has offered 52,452,288 equity shares on rights basis in the ratio of 27:100. The record date for this purpose was 14 March 2014. The offer was open from 28 April 2014 to May 12, 2014 to all eligible equity shareholders. As at the end of the offer date i.e. May 12, 2014 Company has received application for 66,313,105 shares aggregating ₹ 6,631.31 millions from the eligible shareholders.

During the current year, the Company issued following series of Cumulative Non-Convertible Compulsorily Redeemable Preference Shares:

Series Name	Number of shares	Face value per share (Amount in ₹)	Premium received per share (Amount in ₹)	Maturity date	Dividend payout	Redemption terms
20.50% CRPS	200,000,000	10	10	Refer foot note below	20.50% per annum	Refer foot note below
10.40% ITNL CNCRPS 2017 ..	107,250,000	10	10	23 June 2017	21.06% per annum	Redemption at face value plus premium of ₹ 10 per share
10.50% ITNL CNCRPS 2018 ..	19,200,000	10	10	23 December 2018	21.44% per annum	
11% ITNL CNCRPS 2021	50,000,000	10	10	17 January 2021	21.32% per annum	

Foot note: The 20.50% CRPS will be redeemed starting from May 31, 2017 to May 31, 2025 at a premium of ₹ 10 per share and an additional redemption premium of 2.50% p.a. on the face value from the date of issue. See below table for details:

The terms of redemption of 20.50% CRPS are as follows:

<u>Date of redemption</u>	<u>No of shares to be redeemed (in Million)</u>	<u>Redemption Amount ₹ in Million</u>
31-May-17	20.00	418.40
31-May-18	20.00	423.40
31-May-19	30.00	642.60
31-May-20	30.00	650.12
31-May-21	30.00	657.62
31-May-22	30.00	665.12
31-May-23	30.00	672.62
31-May-24	5.00	113.36
31-May-25	5.00	114.78
Total	200.00	4,357.99

Rights of above mentioned preference shareholders are as follows:

The holder(s) of 10.40% ITNL CNCRPS 2017 and 10.50% ITNL CNCRPS 2018 shall have no voting rights other than in respect of matters directly affecting the rights attached to the CNCRPS. In the event of any due and payable dividends on the CNCRPS remaining unpaid for a period of two years prior to the start of any General Meeting of the Equity Shareholders, the holder(s) of CNCRPS shall gain voting rights in respect of all matters placed by the Company at a General Meeting of its Equity Shareholders in accordance with the provisions of the Companies Act and the Articles of Association of the Company. In the event of winding up or repayment of capital, the holder(s) of the CNCRPS shall carry a preferential right vis-à-vis equity shareholders to be repaid the amount of paid up capital, unpaid dividends and fixed premium, in accordance with the provisions of the Companies Act and the Articles of Association of the Company.

The claims of holder(s) of 11% ITNL CNCRPS 2021 shall be subordinated to the claims of all secured and unsecured creditors of the Company but senior to equity shareholders and pari passu amongst themselves and with other preference shareholders of the Company.

Note 3: Reserves and surplus

Particulars	As at 31 March 2014		As at 31 March 2013	
	₹ in million			
(a) Securities Premium Account				
Opening balance	10,320.57		10,320.57	
(+) On Equity shares issued by a subsidiary to Minority Interest	43.63		—	
(+) On issue of 20.50% CRPS, 10.40% ITNL CNCRPS 2017, 10.50% ITNL CNCRPS 2018 and 11% ITNL CNCRPS 2021 by the Company	3,764.50		—	
(-) Premium utilised towards preference shares issue expenses and rights issue expenses	(67.23)	14,061.47	—	10,320.57
(b) General Reserve				
Opening balance	1,238.98		967.80	
(+) Transfer from balance in Statement of Profit and Loss	279.70	1,518.68	271.16	1,238.98
(c) Debenture Redemption Reserve (Refer Foot Note no.i)				
Opening balance	937.64		259.91	
(+) Transfer from balance in Statement of Profit and Loss	874.43	1,812.07	677.73	937.64
(d) Capital Reserve				
Opening balance	7,524.53		2,967.46	
(+) Capital Grants received during the year	3,039.25		4,557.07	
(-) Adjustment	(257.23)	10,306.55	—	7,524.53
(e) Other Reserves (Refer Foot Note no.ii)				
Foreign currency translation reserve	1,021.39		116.41	
Cash flow hedge reserve	(607.90)	413.49	(664.15)	(547.74)
(f) Capital Reserve on Consolidation (net)				
Opening balance	1,328.74		1,270.55	
(+) On account of acquisition (net)	—		58.19	
(-) Adjustment (Refer Foot Note no.iii)	(726.91)	601.83	—	1,328.74
(g) Surplus in Consolidated Statement of Profit and Loss				
Opening balance	13,652.73		10,330.00	
(+) Profit for the year	4,630.48		5,202.11	
(+/-) Consolidation adjustments	71.10		15.06	
(-) Transfer to general reserve	(279.70)		(271.16)	
(-) Transfer to debenture redemption reserve	(874.43)		(677.73)	
(-) Provision for proposed dividend on equity shares	(990.74)		(777.07)	
(-) Provision for dividend distribution tax on proposed dividend on equity shares	(197.87)		(149.72)	
(-) Provision for proposed dividend on preference shares	(305.11)		—	
(-) Provision for Dividend Distribution Tax on proposed dividend on preference shares	(51.85)		—	
(-) Redemption premium on CRPS	(25.62)		—	
(-) Premium on preference shares of a subsidiary	(12.01)		(16.14)	
(-) Dividend Tax on premium on preference shares of a subsidiary	—	15,616.98	(2.62)	13,652.73
Total		44,331.07		34,455.45

Foot Note:

i. Debenture Redemption Reserve

In terms of Section 117C of the Companies Act, 1956 read with the General circular No. 9/2002 (General Clarification No. 6/3/2001-CL.V dated 18 April 2002) ("the General Circular") issued by the Ministry of Corporate Affairs, the Company being an Infrastructure Company is required to create Debenture Redemption Reserve to the extent of 25% of the value of privately placed NCDs until such NCDs are redeemed, to which adequate amounts shall be credited from out of its profits every year. For the year ended 31 March 2014, the transfer to Debenture Redemption Reserve has been made in accordance with above provisions of the Companies Act, 1956 read with the General Circular amounting to ₹ 874.43 million (31 March 2013 ₹ 677.73 million)

ii(a). Foreign currency translation reserve

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	₹ in million	
Balance at the beginning of the year [net of deferred tax asset (net) of ₹ 18.97 million, (previous year ₹ 15.08 million)]	116.41	102.35
Movement for the year (net) [net of deferred tax asset of ₹ 6.15 million (Previous Year ₹ 3.89 million)]	904.98	14.06
Balance at the end of the year	1,021.39	116.41

ii(b). Cash flow hedge reserve

The movement in hedging reserve held by a subsidiary during the year ended 31 March 2014 for derivatives designated as Cash flow hedges is as follow:

<u>Particulars</u>	As at 31 March 2014	31 March 2013
	₹ in million	
Balance at the beginning of the year	(664.15)	(523.42)
Movement for the year (net)	56.25	(140.73)
Balance at the end of the year	(607.90)	(664.15)

- iii. A subsidiary of the Group had filed a petition under Section 100 to 103 of the Companies Act, 1956 with the High Court of Gujarat at Ahmedabad for adjustment of restructuring charges paid to Banks and Financial Institutions during the year ended 31 March 2014 (payable under a Corporate Debt Restructuring Scheme approved in earlier years) aggregating to ₹ 869.37 millions to Equity Share Capital. The subsidiary has received the necessary approval from the High Court on 31 January 2014. The Order of Reduction in Share Capital dated 31 January 2014, together with the minutes of the Shareholders meeting held on 17 December 2013 of the subsidiary has been registered with the Registrar of Companies ("ROC") and ROC has issued certificate dated 21 February 2014 registering the order of the Hon'ble Gujarat High Court and confirming the reduction of share capital. Accordingly, the impact has been taken to Capital reserve on consolidation created in earlier years in respect of the said subsidiary and Minority interest proportionately.

Note 4: Preference shares issued by subsidiary to minority shareholders (included under Minority Interest):

One Subsidiary company viz. Gujarat Road Infrastructure Company Limited, had originally issued Cumulative Redeemable Convertible Preference Shares (CRCPS) carrying 1% dividend, which were to be redeemed at the end of the 13th year from the date of allotment at a premium of 60% on the par value. These shares also carried an option to convert the cumulative amount (including the redemption premium of 60%) into Deep Discount Bonds (DDBs) at the end of the 13th year at a value calculated based on the issue price of ₹ 17.38 each at the time of conversion and having a maturity value of ₹ 153.98 each redeemable over a period of 3 years commencing from the 5th year from the date of conversion into the DDBs. However, consequent to the restructuring of the Company's corporate debt, the subscribers to the CRCPS agreed to a revision in the terms thereof to the effect that the dividend becomes non-cumulative and the CRCPS will become Non-Cumulative Redeemable Convertible Preference Shares (NRCPS) with effect from 1 April 2004. As a result, the base price and the redemption price of each DDB stood modified; these prices will be determined at the end of the 13th Year.

As a part of the restructuring package approved by the Corporate Debt Restructuring Cell, the subsidiary is not permitted to declare any dividend on equity or preference shares without making good the sacrifices of the lenders.

These preference shares issued amounting to ₹ 350.00 million (as at 31 March 2013: ₹ 350.00 million) have been included as a part of Minority Interest.

Note 5: Advance towards capital to subsidiary by minority shareholders (included under Minority Interest):

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	₹ in million	
Gujarat Road and Infrastructure Company Limited [#]	450.00	450.00
Total	450.00	450.00

[#] As required under the restructuring package of a subsidiary viz. GRICL approved by the Corporate Debt Restructuring Cell on 17 June 2004, the promoters of GRICL had advanced an aggregate sum of ₹ 450.00 million as advance towards share capital. The subsidiary intends to convert these advances into subordinated debt. Pending completion of the approval process, the Group has classified the amount as an Advance towards Capital.

The aggregate amount of ₹ 450.00 million (as at 31 March 2013 : ₹ 450.00 million) as detailed above has been included as a part of Minority Interest.

Note 6: Long-term borrowings

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>	
	₹ in million		
(a) Bonds / Debentures			
(i) Secured			
Non convertible debentures	6,018.89		2,345.01
Non convertible debentures—Related party	160.00		200.00
Deep discount bonds—Related Party	141.09		141.09
Deep discount bonds	226.65		222.74
Zero coupon bonds	<u>6,142.20</u>	12,688.83	<u>5,467.92</u> 8,376.75
(ii) Unsecured			
Unsecured Redeemable Non-Convertible Debentures [NCDs]	10,000.00		10,000.00
Unsecured Redeemable “ITNL, 11.50%, 2024 NCDs”	1,000.00		—
Less : Unexpired Discount on issue	<u>(44.65)</u>		<u>—</u>
Net	955.35		—
Non convertible debentures—Related party	<u>180.00</u>	11,135.35	<u>216.00</u> 10,216.00
(b) Term Loans			
(i) Secured			
From banks	120,490.48		87,100.67
From financial institutions	2,390.75		2,380.55
From others—Related party	<u>7.05</u>	122,888.28	<u>21.06</u> 89,502.28
(ii) Unsecured			
From banks	12,394.09		6,263.57
From financial institutions	1,000.00		—
From others	997.51		7,127.47
From others—Related party	<u>1,440.90</u>	15,832.50	<u>217.50</u> 13,608.54
(c) Finance lease obligations			
Secured	122.63		145.85
Unsecured	<u>—</u>	122.63	<u>145.85</u>
Total		<u>162,667.59</u>	<u>121,849.42</u>

Note 6A: Current Maturities of long-term debt

Particulars	As at 31 March 2014		As at 31 March 2013	
	₹ in million			
(a) Bonds / Debentures				
(i) Secured				
Non convertible debentures	1,088.11		699.91	
Non convertible debentures—Related party	40.00	1,128.11	—	699.91
(ii) Unsecured				
Non convertible debentures—Related party	36.00		36.00	
Deep discount bonds	—	36.00	—	36.00
(b) Term Loans				
(i) Secured				
From banks	3,946.45		2,151.63	
From financial institutions	128.40		167.73	
From others—Related party	19.72	4,094.57	94.85	2,414.21
(ii) Unsecured				
From banks	9,911.96		9,850.00	
From others	—	9,911.96	156.88	10,006.88
(c) Finance lease obligations				
(i) Secured				
From others	65.15		63.08	
From others—Related party	—	65.15	—	63.08
Total		15,235.79		13,220.08

Note 7: Short-term borrowings

Particulars	As at 31 March 2014		As at 31 March 2013	
	₹ in million			
(a) Loans repayable on demand				
(i) Secured				
From banks	24.04		65.75	
From Related Parties	—	24.04	—	65.75
(ii) Unsecured				
From banks	242.18		36.00	
From Related Parties	—	242.18	—	36.00
(b) Short term loans				
(i) Secured				
From banks	372.73		145.69	
From Related Parties	1,557.00			
(ii) Unsecured				
From banks	4,167.01		6,244.50	
From others	—	6,096.74	142.60	6,532.79
(c) Commercial paper				
Unsecured	4,000.00		2,000.00	
Less : Unexpired discount	(101.05)	3,898.95	(112.55)	1,887.45
Total		10,261.91		8,521.99

Note 8: Deferred tax liabilities (net) and Deferred tax assets

The Group entities have net deferred tax liabilities aggregating ₹ 1,990.36 million (as at 31 March 2013 ₹ 2,425.06 million) and deferred tax assets aggregating ₹ 179.99 million (as at 31 March 2013 ₹ 110.60 million).

a) The components of deferred tax liabilities (net) are furnished below:

<u>Particulars</u>	<u>As at 31 March 2013</u>	<u>Movement</u> ₹ in million	<u>As at 31 March 2014</u>
Liabilities:			
Timing differences in respect of income	1,741.76	(340.23)	1,401.53
Timing differences in respect of depreciation	1,397.25	572.52	1,969.77
Timing differences in respect of unamortised borrowing costs	—	214.85	214.85
Assets:			
Timing differences in respect of depreciation	(0.07)	(0.09)	(0.16)
Timing differences in respect of employee benefits	(9.96)	(6.86)	(16.82)
Timing differences in respect of unabsorbed depreciation	(575.65)	(977.31)	(1,552.96)
Timing differences in respect of provision for doubtful debts	(0.18)	(1.01)	(1.19)
Timing differences in respect of provision for overlay	(128.09)	103.43	(24.66)
Deferred tax liabilities (net)	<u>2,425.06</u>	<u>(434.70)</u>	<u>1,990.36</u>

b) The components of deferred tax assets is furnished below:

<u>Particulars</u>	<u>As at 31 March 2013</u>	<u>Movement</u> ₹ in million	<u>As at 31 March 2014</u>
Assets:			
Timing differences in respect of depreciation	95.59	55.78	151.37
Timing differences in respect of employee benefits	3.21	0.77	3.98
Timing differences in respect of provision for overlay	11.80	12.84	24.64
Deferred tax assets	<u>110.60</u>	<u>69.39</u>	<u>179.99</u>

Footnote:

- The Group has not recognised any deferred tax asset against provision for diminution in investments in the absence of virtual certainty of future taxable capital gains against which diminution could be offset.
- The net amount credited to the Consolidated Statement of Profit & Loss is ₹ 714.01 million (as at 31 March 2013 ₹ 274.41 million) and ₹ 4.93 million (as at 31 March 2013 ₹ 5.13 million) is account on foreign exchange fluctuation.
- Deferred tax credit (net) during the year includes deferred tax credit of ₹ 6.15 million (as at 31 March 2013 ₹ 3.89 million) on account of deferred tax asset created during the year which has been directly adjusted against Foreign Currency translation reserve recognised in respect of the foreign exchange translation differences on the Company's receivables which were regarded as an extension to the Company's net investments in a foreign entity and have not been included above.

Note 9: Other long term liabilities

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>₹ in million</u>		<u>As at 31 March 2013</u>
(a) Trade Payables				
From related parties	2.04		0.59	
From others	91.68	93.72	26.92	27.51
(b) Others				
Redemption premium accrued but not due on borrowings . . .	1,800.49		1,537.91	
Mobilisation Advance Received	126.39		18.16	
Other Advance Received	27.77		19.88	
Security Deposit	34.76		19.63	
Interest accrued but not due on borrowings	645.81		43.49	
Retention Money Payable	2,051.87		1,152.47	
Other Liabilities	381.35	5,068.44	175.30	2,966.84
Total	<u>5,162.16</u>		<u>2,994.35</u>	

Note 10: Other current liabilities

Particulars	As at 31 March	
	2014	2013
	₹ in million	
(a) Interest accrued but not due on borrowings	599.98	216.38
(b) Interest accrued and due on borrowings	69.40	0.79
(c) Income received in advance	106.79	33.36
(d) Advance received	368.20	675.28
(e) Unearned revenue	43.00	0.91
(f) Statutory dues payable	663.36	587.16
(g) Unpaid Dividends	4.20	1.44
(h) Payable towards capital assets	524.89	1,285.44
(i) Mobilisation Advance Received	147.17	75.90
(j) Other liabilities	432.87	359.38
Total	2,959.86	3,236.04

Note 11: Long-term provisions

Particulars	As at 31 March	
	2014	2013
	₹ in million	
(a) Provision for dividend on preference shares of subsidiary	—	5.15
(b) Provision for dividend tax on preference dividend of subsidiary	—	0.88
(c) Provision for premium on preference shares of subsidiary	121.13	169.12
(d) Provision for dividend tax on premium on preference shares of subsidiary	—	27.96
(e) Provision for employee benefits (net)	45.36	34.85
(f) Provision for overlay (Refer foot note (i) of note no. 12)	326.98	388.67
(g) Provision for contingency (Refer foot note no. i)	7.49	7.49
(h) Provision for redemption premium on Preference Shares	25.62	—
Total	526.58	634.12

Foot Note:

- (i) The provision for contingency includes ₹ 7.49 million provided in accordance with the terms of scheme of amalgamation of jointly controlled entity for prepayment of loans.

Particulars	As at	
	31 March 2014	31 March 2013
	₹ in million	
Opening balance	7.49	7.49
Add : Provision made during the year	—	—
Less : Provision utilised / reversed during the year	—	—
Closing balance	7.49	7.49

Note 12: Short-term provisions

Particulars	As at 31 March	
	2014	2013
	₹ in million	
(a) Provision for employee benefits (net)	362.84	406.44
(b) Provision for premium on preference shares of subsidiary	60.00	—
(c) Provision for tax (net of advance)	338.91	258.61
(d) Proposed dividend on Preference shares of subsidiary	5.15	—
(e) Provision for tax on proposed dividend on Preference shares of subsidiary	0.88	—
(f) Proposed dividend on Preference shares	305.11	—
(g) Provision for tax on proposed dividend on Preference shares	51.85	—
(h) Proposed dividend on equity shares	990.74	777.07
(i) Provision for tax on proposed dividend on equity shares	234.33	149.72
(j) Provision for overlay (refer foot note no. i)	96.42	387.62
Total	2,446.23	1,979.46

Foot Note:

- (i) 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 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, financial and accounting measurements such as the revenue recognised on financial assets, allocation of annuity into recovery of financial asset, carrying values of financial assets and depreciation of intangible assets and provisions for overlay in respect of service concession agreements are based on such assumptions.

Movements in provision made for overlay are tabulated below:

<u>Particulars</u>	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>
	₹ in million			
Opening balance	388.67	387.62	537.77	143.63
Adjustment for foreign exchange fluctuation during the year	22.36	—	2.35	—
Adjustment for reclassification during the year	(118.16)	118.16	(268.02)	268.02
Utilised for the year	—	(134.59)	—	(69.05)
Provision reversed during the year	(92.96)	(287.87)	—	—
Provision made during the year	127.07	13.10	116.57	45.02
Closing balance	326.98	96.42	388.67	387.62

Note 13: Fixed assets—Current Year

Particulars	Gross Block (at cost)				Depreciation and Amortisation				Net Block Balance as at 31 March 2014
	Balance as at 1 April 2013	Adjustments / Reclassifications (Refer Foot Note iii)	Additions	Deletions	Balance as at 1 April 2013	Adjustments / Reclassifications (Refer Foot Note iii)	Charge for the year (refer foot note i)	Deletions	
a) Tangible assets									
Land	20.63	2.72	0.99	—	—	—	—	—	24.34
Building and structures	303.53	47.18	26.30	—	377.01	8.17	11.17	—	314.44
Vehicles	1,251.54	119.48	66.86	24.69	1,413.19	109.79	92.14	14.35	1,188.99
Data processing equipment's	142.07	10.88	30.17	4.28	178.84	13.11	18.37	3.81	139.17
Office premises	46.75	3.55	—	—	50.30	0.02	0.82	—	3.42
Office equipment's	87.76	4.25	18.70	2.04	108.67	53.81	12.52	1.20	68.12
Leasehold improvements	19.29	—	2.43	—	21.72	—	2.26	—	15.37
Furniture and fixtures	302.67	41.92	10.93	0.24	355.28	30.63	44.78	0.19	278.00
Electrical installations	117.57	20.17	32.83	1.29	169.28	15.87	12.14	1.28	143.23
Plant and machinery	2,278.98	482.45	103.42	6.06	2,858.79	1,930.85	84.79	1.91	2,418.92
Advertisement structure	16.85	(5.18)	—	—	11.67	(5.43)	0.67	—	11.66
Assets taken on lease:									
Plant and machinery	152.72	(10.60)	—	—	142.12	(13.64)	28.75	—	84.12
Vehicles	57.49	(25.79)	8.85	—	40.55	(19.08)	6.09	—	17.59
Furniture and fixtures	—	8.11	—	—	8.11	6.46	0.52	—	6.98
Building and structures	186.95	20.52	—	—	207.47	2.40	3.92	—	27.08
Land	43.23	7.97	—	—	51.20	—	—	—	180.39
Total	5,028.03	727.63	301.48	38.60	6,018.54	556.48	318.94	22.74	4,465.22
b) Intangible assets									
Software / Licences acquired	223.23	30.24	74.66	—	328.13	28.80	37.91	—	240.25
Commercial rights acquired	206.54	—	—	—	206.54	(2.00)	27.08	—	105.48
Rights under service concession arrangements (refer foot note no. ii)	29,265.38	21,617.28	35.59	2.26	50,915.99	58.51	1,039.29	0.03	2,906.68
Trademarks and licences	1.93	0.36	—	—	2.29	0.36	—	—	2.29
Others	206.47	258.52	23.43	—	488.42	22.87	88.09	—	232.80
Total	29,903.55	21,906.40	133.68	2.26	51,941.37	108.54	1,192.37	0.03	3,487.50
Grand total	34,931.58	22,634.03	435.16	40.86	57,959.91	665.02	1,511.31	22.77	7,952.72
c) Capital work-in-progress (refer foot note no. iv)	475.99	(367.24)	421.41	33.63	496.53	—	—	—	496.53
d) Intangible assets under development (refer foot note no. ii and v)	66,969.81	(19,407.99)	37,300.08	—	84,861.90	—	—	—	84,861.90
Grand Total	102,377.38	2,858.80	38,156.65	74.49	143,318.34	665.02	1,511.31	22.77	7,952.72

Note 13: Fixed assets—Previous Year

Particulars	Gross Block (at cost)				Depreciation and Amortisation				Net Block Balance as at 31 March 2013
	Balance as at 1 April 2012	Adjustments / Reclassifications (Refer footnote iii)	Additions	Deletions	Balance as at 1 April 2012	Adjustments / Reclassifications (Refer footnote iii)	Charge for the year (refer footnote i)	Deletions	
a) Tangible assets									
Land	24.07	(4.33)	0.89	—	20.63	—	—	—	20.63
Building and structures	173.94	10.93	118.66	—	303.53	4.03	—	—	260.30
Vehicles	1,076.99	80.72	107.41	13.58	1,251.54	61.61	102.43	11.12	1,001.41
Data processing equipments	139.72	(11.89)	14.59	0.35	142.07	(7.20)	15.02	0.22	111.50
Office premises	11.52	—	35.23	—	46.75	—	0.48	—	2.58
Office equipments	81.64	(1.20)	8.55	1.23	87.76	(1.58)	10.25	1.11	53.81
Leasehold improvements	12.45	—	6.84	—	19.29	—	4.94	—	13.11
Furniture and fixtures	277.78	10.64	14.68	0.43	302.67	5.24	40.54	0.30	202.78
Electrical installations	98.59	22.48	3.61	7.11	117.57	10.80	12.15	3.10	116.50
Plant and machinery	1,924.31	272.37	99.38	17.08	2,278.98	186.64	103.99	12.80	1,930.85
Advertisement structure	24.80	(7.95)	—	—	16.85	(4.18)	1.52	—	16.42
Assets taken on lease:									
Plant and machinery	302.82	(221.85)	71.75	—	152.72	(135.95)	26.14	—	69.01
Vehicles	125.83	(72.41)	4.07	—	57.49	(42.92)	8.97	—	30.58
Furniture and fixtures—Leased	—	—	—	—	—	—	—	—	—
Building and structures	169.96	2.79	14.22	0.02	186.95	0.44	3.44	0.02	20.76
Land	28.89	0.62	13.72	—	43.23	—	—	—	—
Total	4,473.31	80.92	513.60	39.80	5,028.03	76.93	342.60	28.67	3,612.54
b) Intangible assets									
Software / Licences acquired	201.50	2.80	18.93	—	223.23	2.68	19.64	—	173.54
Commercial rights acquired	206.54	—	—	—	206.54	—	27.01	—	80.40
Rights under service concession arrangements (refer foot note no. ii)	28,581.61	550.61	153.52	20.36	29,265.38	18.25	543.46	0.14	1,808.91
Trademarks and licences	1.92	0.01	—	—	1.93	0.02	—	—	1.93
Others	182.41	15.57	8.49	—	206.47	2.28	12.28	—	121.84
Total	29,173.98	568.99	180.94	20.36	29,903.55	23.23	602.39	0.14	2,186.62
c) Capital work-in-progress (refer foot note no. iv)	195.20	(100.90)	397.44	15.75	475.99	—	—	—	475.99
d) Intangible assets under development (refer foot note no. ii)	34,812.66	62.45	32,094.70	—	66,969.81	—	—	—	66,969.81
Grand Total	68,655.15	611.46	33,186.68	75.91	102,377.38	100.16	944.99	28.81	5,799.16

Foot Note:

- i Depreciation on assets used during the construction period ₹ 1.13 million (previous year ₹ 0.93 million) has been included in “Capital Work in Progress”. Therefore, the charge to the statement of profit and loss is lower by this amount.

ii 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 recognised 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 recognised and classified as intangible assets. Such an intangible asset is recognised 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 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:

<u>Particulars</u>	<u>Upto / As at</u>	<u>Upto / As at</u>
	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>₹ in million</u>	
Margin on construction services recognised in respect of intangible assets (₹ in million)	11,827.10	8,654.42
Carrying amounts of intangible assets (₹ in million)	48,009.31	27,456.47
Units of usage (No. of vehicles)	82,199,673 to	32,671,845 to
	1,554,733,739	1,554,733,739
Provision for overlay in respect of intangible assets (₹ in million)	423.40	776.29
Carrying amounts of intangible assets under development (₹ in million)	84,861.90	66,969.81
	<u>For year ended</u>	
	<u>31 March 2014</u>	<u>31 March 2013</u>
Amortisation charge in respect of intangible assets (₹ in million)	1,039.29	543.46

- iii Adjustments includes additions to Gross Block and Accumulated Depreciation towards foreign exchange fluctuation / acquisition of new subsidiaries / jointly controlled entities during the year and deductions to Gross Block and Accumulated Depreciation towards foreign exchange fluctuation / sale / cessation of subsidiaries / jointly controlled entities and regrouping of previous year figures.

- iv Capital Work-In-progress of ₹ Nil million (As at 31 March 2013 ₹ 25.67 million) is advance payment towards Intangible Assets.

- v Intangibles assets under Service Concession Arrangement is capitalised when the project is complete in all respects and when the Company receives the final completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the project is to have the complete length of the road available for use. Accordingly intangible assets under development includes following items which have been capitalised post receipt of provisional completion certificate pending final completion of the project. :

<u>Particulars</u>	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>₹ in million</u>	
<u>Revenue</u>		
Toll Revenue	450.62	—
<u>Expenses</u>		
Operating & maintainance and other general expenses	56.71	—
Interest & finance cost	690.62	—
Total expenses	<u>747.33</u>	<u>—</u>

Note 14: Non-current investments

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>
	<u>₹ in million</u>	
(a) i) Investments in Unquoted Equity Instruments—Associates		
Investments in associates	1,262.02	1,275.27
Less: Unrealised gain on transactions between the Company and its associates	(158.15)	(47.51)
Add: Post-acquisition share of profit of associates (net) . . .	434.06	228.00
Add: Post-acquisition share of movement in the other reserves of an associate (net)	452.48	199.16
Less: Cash flow hedge reserve	<u>(491.52)</u>	<u>(503.58)</u>
	1,498.89	1,151.34
ii) Investments in Redeemable Non-convertible Non-cumulative Preference Shares—Associates	—	2,200.00
(b) Investments in Unquoted Equity Instruments (refer footnote ii)	189.75	189.13
(c) Investments in Covered Warrants (refer foot note no. i) . .	1,693.00	1,693.00
(d) Investment in Non Convertible Debentures	320.00	320.00
(e) Investment Property	1,153.02	1,153.02
(f) Investments in Other Instruments	0.02	0.02
Less: Provision for diminution in the value of Investments	<u>(179.00)</u>	<u>(179.00)</u>
Total	<u>4,675.68</u>	<u>6,527.51</u>

Foot Note:

- (i) The Company's "Investment in Covered Warrants" aggregating to ₹ 1,693.00 million (As at 31 March 2013 ₹ 1,693.00 million) issued by Infrastructure Leasing & Financial Services Limited ("IL&FS") the holding company, are variable interest debt instruments under which the holder is entitled to a proportionate share of the dividend, if any, declared by Road Infrastructure Development Company of Rajasthan Limited ("RIDCOR"), Jharkhand Accelerated Road Development Company Limited ("JARDCL"), Chhatisgarh Highways Development Company Limited ("CHDCL") and Jharkhand Road Projects Implementation Company Limited ("JRPICL") on the equity shares held by IL&FS as well as the interest granted by RIDCOR on the Fully Convertible Debentures ("FCDs") held by IL&FS. However, the Company is not entitled to rights and privileges, which IL&FS enjoys as a shareholder / debentureholder. The instruments are unsecured.
- (ii) **Investment in Airport Holding Australasia Pte Limited ("AHA"):** Investment in AHA has not been considered as Investments in Associates as in the view of the Management, no significant influence exist.

Note 15: Current investments

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>
	<u>₹ in million</u>	
Investments in Units of Mutual Funds	<u>15.28</u>	<u>343.74</u>
Total	<u>15.28</u>	<u>343.74</u>

Note 16: Long-term loans and advances

Particulars	As at 31 March 2014		As at 31 March 2013	
	₹ in million			
(a) Capital Advances (refer foot note no. i)				
i Secured, considered good				
Others	—		26.91	
ii Unsecured, considered good				
Others	1,100.12		1,075.45	
Related Party	—	1,100.12	—	1,102.36
(b) Security Deposits				
Unsecured, considered good	297.37	297.37	631.73	631.73
(c) Loans and advances to related parties				
Unsecured, considered good				
—Mobilisation & pre-construction advance recoverable	119.38		176.74	
—Option premium (net of provision)	36.67		36.67	
—Long term loans	2,183.32	2,339.37	944.90	1,158.31
(d) Other loans and advances				
Unsecured, considered good				
—Advance receivable	629.14		95.84	
—Prepaid expenses	352.47		260.53	
—Pre-construction and mobilisation advance paid	2,498.03		2,762.93	
—Inter corporate deposits	40.04		38.66	
—Advance towards share application money	200.00		200.05	
—MAT credit entitlement	555.25		360.64	
—Advance payment of taxes (net of provision)	2,357.15		712.72	
—Loans to others	835.00	7,467.08	792.80	5,224.17
Total		11,203.94		8,116.57

Foot Note:

- (i) During the year ended 31 March 2013, the Company had paid ₹ 1,000 million to acquire right to invest in equity of a special purpose vehicle ("SPV") to be formed for construction, operation and maintenance of Z-morh Tunnel including approaches on National Highway no. 1 (Srinagar Sonamarg Gumri Road) in the state of Jammu and Kashmir. Subsequently, the SPV has been formed during the year namely Srinagar Sonamarg Tunnelway Limited ("SSTL"). The amount will be transferred to intangible assets and amortised over the concession period of SSTL, once the Appointed Date is received by SSTL in accordance with the terms of the Concession Agreement. As at 31 March 2014, the appointed date is not yet granted.

Note 17: Short-term loans and advances

Particulars	As at 31 March 2014		As at 31 March 2013	
	₹ in million			
(a) Loans and advances to related parties				
Unsecured, considered good				
—Advance receivable	235.90		31.75	
—Inter-corporate deposits	31.30		—	
—Short term loans	681.50	948.70	419.00	450.75
(b) Other loans and advances				
Unsecured, considered good				
—Mobilisation & other advance	3,014.16		2,053.93	
—Prepaid expenses	481.01		268.19	
—Advance receivable	2,340.45		685.76	
—Short term loans—others	2,774.81	8,610.43	2,594.37	5,602.25
Total		9,559.13		6,053.00

Note 18: Other non-current assets

Particulars	As at 31 March 2014	As at 31 March 2013
	₹ in million	
(a) Long term Trade Receivables (unsecured, considered good)	25.93	643.31
(b) Receivables against Service Concession Arrangement (refer foot note (i) of note no. 19)	77,787.31	63,592.26
(c) Balances with Banks in deposit accounts (Restricted)	2,413.97	1,202.80
(d) Unamortised borrowing costs	800.28	569.46
(e) Receivable due to fair valuation of derivative contract	92.72	0.78
(f) Retention money receivable	127.93	154.25
(g) Interest accrued but not due	322.42	147.66
(h) Interest accrued and due	34.24	—
	<u>81,604.80</u>	<u>66,310.52</u>
(i) Toll Receivable account	1,865.05	1,895.81
Less: Amortisation during the year	(31.41)	(30.76)
Toll Receivable account (net)	<u>1,833.64</u>	<u>1,865.05</u>
Total	<u>83,438.44</u>	<u>68,175.57</u>

Note 19: Other current assets

Particulars	As at 31 March 2014	As at 31 March 2013
	₹ in million	
(a) Unbilled revenue	9.62	5.71
(b) Interest accrued	661.30	433.80
(c) Receivables against Service Concession Arrangement (refer foot note no. i)	2,879.33	1,964.24
(d) Unamortised borrowing costs	188.89	31.90
(e) Grant receivable	<u>637.50</u>	<u>441.16</u>
Total	<u>4,376.64</u>	<u>2,876.81</u>

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 Arrangement” 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 31 March 2014	As at 31 March 2013
	₹ in million	
Margin on construction and operation & maintenance and renewal services recognised in respect of		
Receivables against Service Concession Arrangement	6,103.43	5,494.74
Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangement	80,666.64	65,556.50
Revenue recognised on Receivables against Service Concession Arrangement on the basis of effective interest method	20,545.29	14,405.59

Note 20: Inventories (lower of cost and net realisable value)

Particulars	As at 31 March 2014	As at 31 March 2013
	₹ in million	
Inventories (at cost)		
(i) Raw materials	58.62	87.32
(ii) Finished goods	103.18	76.20
(iii) Stores and spares	9.74	5.35
Total	<u>171.54</u>	<u>168.87</u>

Note 21: Trade receivables

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>	
		₹ in million	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment			
Secured, considered good	6.67	—	
Unsecured, considered good	<u>7,202.83</u>	<u>7,209.50</u>	<u>5,121.81</u>
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	—	—	
Unsecured, considered good	2,665.88	2,395.15	
Other considered doubtful	667.34	498.49	
Less: Provision for doubtful debt	<u>(667.34)</u>	<u>(498.49)</u>	<u>2,395.15</u>
Total	<u>9,875.38</u>		<u>7,516.96</u>

Note 22: Cash and cash equivalents

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>	
		₹ in million	
(a) Cash and cash equivalents			
Cash on hand	35.91	23.42	
Balances with Banks in current accounts	5,147.55	2,349.06	
Balances with Banks in deposit accounts	<u>928.08</u>	<u>6,111.54</u>	<u>1,205.12</u>
(b) Other bank balances			
Unclaimed dividend accounts	4.20	1.44	
Balances held as margin money or as security against borrowings	<u>597.10</u>	<u>601.30</u>	<u>623.08</u>
Total	<u>6,712.84</u>		<u>4,202.12</u>

Note 23: Contingent liabilities and capital commitments**(A) Contingent liabilities (refer foot note)**

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>
	₹ in million	
(i) Claims against the Group not acknowledged as debt	957.76	607.33
(ii) Other money for which the company is contingently liable		
—Income tax demands contested by the Group	669.51	459.66
—Other tax liability	83.92	87.67
—Royalty to Nagpur Municipal Corporation	10.74	10.74
—Guarantees/ counter guarantees issued in respect of other companies	329.06	240.98
(iii) In case of Income Tax disputes decided in favour of the Group at the First Appellate Authority for amounts disallowed amounting to ₹ 1,361.09 million (31 March 2013 ₹ 1,439.90 million), the Income Tax department has gone for further appeal in all the cases. If decided against the Group, it will result in reduction of unabsorbed depreciation as per the Income-Tax law		

Foot note: The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

(B) Capital commitments

<u>Particulars</u>	<u>As at 31 March 2014</u>	<u>As at 31 March 2013</u>
	₹ in million	
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid aggregate ₹ 4,644.40 million) (as at 31 March 2013 ₹ 3,308.27 million)	64,346.27	64,271.98
(ii) Investment Commitments [net of advances of ₹ 200.00 million, (As at 31 March 2013: ₹ 200.00 million)]	200.00	200.00

(C) Other commitments

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹ in million	
(i) Negative grant to National Highways Authority of India (“NHAI”) (upto 2019-20)	2,400.00	2,600.00
(ii) Connectivity charges to Haryana Urban Development Authority	27,569.75	27,600.00

Note 24: Revenue from operations

Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	₹ in million	
(a) Income from services		
Advisory and project management fees	1,474.30	722.28
Lenders’ engineer and supervision fees	240.68	166.12
Operation and maintenance income	11,169.73	9,742.18
Licence fee	10.51	6.59
(b) Toll revenue	4,178.80	3,649.13
(c) User fee income	830.58	477.72
(d) Finance income	6,139.70	5,042.71
(e) Construction income	41,666.55	46,495.86
(f) Sales (net of sales tax)	79.97	66.71
(g) Operation and maintenance Grant	79.08	79.08
Total	<u>65,869.90</u>	<u>66,448.38</u>

Note 25: Other income

Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	₹ in million	
(a) Interest Income		
Interest on loans granted	733.66	739.10
Interest on debentures	46.69	164.05
Interest on call money	—	28.57
Interest on bank deposits	279.73	135.17
Interest on short term deposit	31.28	13.35
(b) Profit on sale of investment (net)	12.72	11.68
(c) Profit on sale of fixed assets (net)	0.46	0.55
(d) Dividend income	6.00	1.18
(e) Other non-operating income		
Advertisement income	52.78	35.84
Excess provisions written back	0.98	7.70
Exchange rate fluctuation gain (net)	19.32	8.78
Insurance claim received	190.28	—
Recovery of expenses	183.59	—
Reversal of excess overlay provision	380.83	—
Miscellaneous income	216.60	293.74
Total	<u>2,154.92</u>	<u>1,439.71</u>

Note 26: Cost of materials consumed

Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	₹ in million	
(a) Material consumption	2,192.20	1,398.35
(b) Purchase of traded products	68.10	66.21
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	12.40	92.81
Total	<u>2,272.70</u>	<u>1,557.37</u>

Note 27: Operating expenses

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	₹ in million			
Construction contract costs	29,836.36		34,234.98	
Fees for technical services / design and drawings	611.67		460.54	
Diesel and fuel expenses	299.37		251.92	
Operation and maintenance expenses	5,063.06		4,131.64	
Provision for overlay expenses	140.17		161.59	
Periodic maintenance expenses	37.94		60.95	
Toll plaza expenses	148.68		87.52	
Negative grant to NHAI	200.00	36,337.25	100.00	39,489.14
Total		36,337.25		39,489.14

Note 28: Employee benefits expense

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	₹ in million			
(a) Salaries and wages	3,322.45		3,073.54	
(b) Contribution to provident and other funds	681.92		626.10	
(c) Staff welfare expenses	52.14		53.20	
(d) Deputation cost	84.94	4,141.45	66.42	3,819.26
Total		4,141.45		3,819.26

Footnote:

(i) Employee benefit obligations:

(A) Defined-contribution plans

(i) The Group offers its employees defined contribution benefits in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Group pay predetermined contributions into the provident fund and pension fund, contributions to superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

(ii) A sum of ₹ 46.16 (previous period ₹ 38.21) million has been charged to the consolidated Statement of Profit and Loss in this respect.

(B) Defined—benefit plans:

The Group offers its employees defined-benefit plans in the form of gratuity (a lump sum amount). Amounts payable under defined benefit plans are typically based on years of service rendered and the employee's eligible compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. In the case of the gratuity scheme, the Group contributes funds to the Life Insurance Corporation of India which administers the scheme on behalf of the Group. Commitments are actuarially determined at year end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses due to changes in actuarial assumptions are charged to the Consolidated Statement of Profit and Loss.

The net value of the defined-benefit commitment is detailed below:

Particulars	As At 31 March 2014	As At 31 March 2013
	₹ in million	
Present value of commitment	84.58	81.19
Fair value of plans	90.26	76.46
Unrecognised past service cost	—	—
Payable / (Prepaid) amount taken to the balance sheet	(5.68)	4.73

Defined benefit commitments:

Gratuity	As At 31 March 2014	As At 31 March 2013
	₹ in million	
Opening balance	81.19	57.39
Excess provision written back	0.40	(0.31)
Interest cost	6.21	4.55
Current service cost	23.01	17.95
Benefits paid	(20.68)	(5.41)
Actuarial (gain) / loss	(5.55)	6.74
Transferred from / to other company	—	0.28
Closing balance	84.58	81.19

Plan Assets:

<u>Gratuity</u>	<u>As At 31 March 2014</u>	<u>As At 31 March 2013</u>
	₹ in million	
Opening balance	76.46	56.35
Opening balance adjustment	—	
Expected return on plan assets	6.63	5.24
Contributions by the Company / Group	27.75	19.35
Benefits paid	(20.46)	(5.20)
Transferred from / to other company	—	0.28
Actuarial gain / (loss)	(0.12)	0.44
Other adjustments	—	—
Fair value of plan assets	<u>90.26</u>	<u>76.46</u>

Return on Plan Assets:

<u>Gratuity</u>	<u>Year ended 31 March 2014</u>	<u>Year ended 31 March 2013</u>
	₹ in million	
Expected return on plan assets	6.63	5.24
Actuarial gain / (loss)	(0.12)	0.44
Actual return on plan assets	<u>6.51</u>	<u>5.68</u>

Expenses on defined benefit plan recognised in the Consolidated Statement of Profit and Loss:

<u>Gratuity</u>	<u>Year ended 31 March 2014</u>	<u>Year ended 31 March 2013</u>
	₹ in million	
Current service cost	23.01	17.95
Interest expenses	6.21	4.55
Expected return on investments	(6.63)	(5.24)
Net actuarial (gain) / loss	(5.43)	6.30
Expenses charged to Consolidated Statement of Profit and Loss	<u>17.16</u>	<u>23.56</u>

(i) The actuarial calculations of estimated defined benefit commitments and expenses are based on the following assumptions, which if changed would affect the defined benefit commitment's size, funding requirements and pension expense.

<u>Particular</u>	<u>Year Ended 31 March 2014</u>		<u>Year Ended 31 March 2013</u>	
	<u>Group entities other than a jointly controlled entity</u>	<u>Jointly controlled entity</u>	<u>Group entities other than a jointly controlled entity</u>	<u>Jointly controlled entity</u>
Rate for discounting liabilities	8.00%-9.39%	8.25%	8.25%-8.50%	8.25%
Expected salary increase rate	6.50%	6.50%	6.00%-6.50%	6.50%
Expected return on scheme assets	8.70%	6.50%	8.00%	6.50%
Attrition date	2%	Not disclosed	2%	Not disclosed
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate table	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate table

(ii) The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(iii) The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the current period and previous four annual periods is given below:

<u>Gratuity (Funded Plan)</u>	<u>As At 31 March 2014</u>	<u>As At 31 March 2013</u>	<u>As At 31 March 2012</u>	<u>As At 31 March 2011</u>	<u>As At 31 March 2010</u>
	₹ in million				
Defined benefit commitments	84.58	81.19	57.39	41.65	28.80
Plan assets	90.26	76.46	56.35	56.35	35.27
Unfunded liability transferred from group companies	—	—	—	0.64	—
(Surplus) / Deficit	<u>(5.68)</u>	<u>4.73</u>	<u>1.04</u>	<u>(14.06)</u>	<u>(6.47)</u>
<u>Gratuity (Funded Plan)</u>	<u>Year Ended 31 March 2014</u>	<u>Year ended 31 March 2013</u>	<u>Year ended 31 March 2012</u>	<u>Year ended 31 March 2011</u>	<u>Year ended 31 March 2010</u>
	₹ in million				
Experience adjustments on plan commitments	(1.67)	(4.03)	(0.40)	4.32	(0.87)
Experience adjustments on plan assets	(0.12)	0.69	(0.35)	1.11	0.15

- (iv) The contribution expected to be made by some of the constituents of the Group during the financial year 2014-2015 ₹66.88 million (31 March 2013 ₹67.47 million)
- (v) The above disclosure does not include details of its seven foreign subsidiaries and one foreign joint venture as the same is not applicable in their respective countries.

Note 29: Finance costs

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	₹ in million			
(a) Interest expenses				
Interest on loans for fixed period	11,994.00		9,942.94	
Interest on debentures	1,869.05		759.07	
Interest on deep discount bonds	342.72	14,205.77	155.89	10,857.90
(b) Other finance charges				
Guarantee commission	172.07		90.01	
Finance charges	331.79	503.86	242.19	332.20
Total		14,709.63		11,190.10

Note 30: Administrative and general expenses

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	₹ in million			
Legal and consultation fees	607.47		334.73	
Travelling and conveyance	367.33		259.12	
Rent	653.86		747.67	
Rates and taxes	199.57		181.57	
Repairs and maintenance others	228.97		153.96	
Bank commission	105.16		71.72	
Registration expenses	55.54		28.36	
Communication expenses	90.35		79.30	
Insurance	258.50		249.47	
Printing and stationery	44.53		37.15	
Electricity charges	80.06		44.60	
Directors' fees	15.83		11.39	
Provision for doubtful debts	177.21		—	
Project management fees	31.01		—	
Loss on sale of fixed assets (net)	32.05		0.11	
Brand subscription fees	308.45		290.33	
Amortisation of goodwill	69.83		115.53	
Amortisation of toll receivable account	31.41		30.76	
Miscellaneous expenses	865.06	4,222.19	568.14	3,203.91
Total		4,222.19		3,203.91

Note 31: Earnings per equity share

<u>Particulars</u>	<u>Unit</u>	<u>Year ended</u>	<u>Year ended</u>
		<u>31 March 2014</u>	<u>31 March 2013</u>
Profit for the year	₹ in million	4,630.48	5,202.11
Redemption premium on preference shares of the Company	₹ in million	(25.62)	Not applicable
Dividend on Cumulative preference shares of the Company	₹ in million	(305.11)	Not applicable
Tax on Dividend on cumulative preference shares of the Company	₹ in million	(51.85)	Not applicable
Premium on preference shares of a subsidiary	₹ in million	(12.01)	(16.14)
Tax on premium on preference shares of a subsidiary	₹ in million	—	(2.62)
Dividend on Non- Cumulative preference shares of a subsidiary	₹ in million	(2.60)	Not applicable
Tax on dividend on Non-Cumulative preference shares of a subsidiary	₹ in million	(0.44)	Not applicable
Profit available for Equity Shareholders	₹ in million	4,232.85	5,183.35
Weighted average number of Equity Shares outstanding	Number	194,267,732	194,267,732
Nominal Value per equity share	₹	10.00	10.00
Basic Earnings per share	₹	21.79	26.68
Weighted average number of Equity shares used to compute diluted earnings per share	Number	194,267,732	194,267,732
Diluted Earnings per share	₹	21.79	26.68

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

<u>Particulars</u>	<u>For year ended</u>	<u>For year ended</u>
	<u>31 March 2014</u>	<u>31 March 2013</u>
	₹ in million	
(i) Contract Revenue recognised as revenue during the year	41,666.55	46,495.86
(ii) Aggregate amount of Contract Costs incurred during the year	29,836.36	34,234.98
(iii) Profits during the year	11,830.19	12,260.88

Note 33: Disclosure of Leases:**(A) Operating Lease:**

The Group holds certain properties under a non-cancellable operating lease. The Group's future lease rentals under the operating lease arrangements as at the year-end are as under:

- (a) For jointly controlled entities—Nil
- (b) For entities other than jointly controlled entities

<u>Future Lease rentals</u>	<u>As at</u>	<u>As at</u>
	<u>31 March 2014</u>	<u>31 March 2013</u>
	₹ in million	
Within one year	538.76	330.37
Over one year but less than 5 years	212.64	267.75
More than 5 years	—	5.45

The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to Group to renew the lease or purchase the properties. The agreements provide for changes in the rentals if the taxes leviable on such rentals change.

<u>Particular</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31 March 2014</u>	<u>31 March 2013</u>
	₹ in million	
Amount charged to the Consolidated Statement of Profit and Loss for rent	531.58	657.85

(B) Finance Leases:**(a) Subsidiaries**

Particular	As at 31 March 2014			As at 31 March 2013		
	Minimum Lease Payment	Present value of minimum lease payments	Lease Charges	Minimum Lease Payment	Present value of minimum lease payments	Lease Charges
	₹ in million					
Amount payable not later than one year	69.19	65.15	4.05	68.18	63.08	5.10
Amount payable >1 but < 5 years	90.50	84.01	6.49	115.46	106.38	9.08
Amount payable > 5 years	39.70	38.62	1.08	41.71	39.47	2.24
Total	199.39	187.78	11.62	225.35	208.93	16.42

(b) Jointly controlled entities—Nil

(34) The Group's percentage holding in various jointly controlled entities are given below:

Name of the jointly controlled entity	As at	As at
	31 March 2014	31 March 2013
	% holding	% holding
NTBCL	25.35	25.35
JSEL	50.00	50.00
NAMEL	50.00	50.00
YuHe	49.00	49.00
Geotecnia y Control De Qualitat, S.A.	50.00	50.00
Consortio De Obras Civiles S.R.L.	34.00	34.00
Vies Y Construcciones S. R. L.	50.00	50.00

The proportionate share in assets, liabilities, income and expenditures of above jointly controlled entities as included in these CFS is given below: (after elimination and consolidated adjustments)

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹ in million	
Assets		
Fixed assets (net)	26,454.71	23,320.16
Deferred tax assets	24.72	11.80
Investment	15.28	343.75
Non-current assets	3,302.20	3,852.99
Current assets	2,302.36	954.72
	32,099.27	28,483.42
Equity and Liabilities		
Reserves and surplus	5,560.02	3,419.37
Non-current liabilities	16,325.24	13,570.78
Deferred Tax Liability	227.69	191.03
Current liabilities	1,091.56	1,292.07
	23,204.51	18,473.25
Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	₹ in million	
Income		
Revenue from operations	4,823.16	8,319.10
Other Income	100.92	80.84
	4,924.08	8,399.94
Expenses		
Operating expenses	1,672.76	3,411.12
Administrative and general expenses	191.71	460.32
Depreciation and amortisation expense	435.75	360.79
Finance costs	907.33	779.94
Taxes—Current tax & Deferred tax	174.89	58.25
	3,382.44	5,070.42

<u>Particulars</u>	As at	As at
	31 March 2014	31 March 2013
	₹ in million	
Contingent Liabilities	—	—
Capital Commitments	1,844.88	2,400.37

(35) The period end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

<u>Receivable</u>	31 March 2014		31 March 2013	
	₹ in million	Foreign Currency in million	₹ in million	Foreign Currency in million
<u>Name of Currency</u>				
DOP	1,679.69	1,147.88	1,147.91	826.58
COP	319.27	9,983.25	120.43	3,893.23
USD	224.00	4.08	52.85	0.96
ALL	4.90	7.94	4.23	8.02
EUR	3,655.45	43.02	3,341.35	46.21
MXN	111.53	23.66	127.55	30.25
REALES	1.12	0.04	—	—
DIRHAMS	894.96	53.33	—	—
HNL	8.68	2.80	5.96	2.12

<u>Payable</u>	31 March 2014		31 March 2013	
	₹ in million	Foreign Currency in million	₹ in million	Foreign Currency in million
<u>Name of Currency</u>				
DOP	1,123.58	767.84	727.64	523.95
COP	345.32	10,797.65	120.19	3,885.36
USD	41.07	0.88	25.22	0.46
ALL	8.45	13.70	6.97	13.22
EUR	1,244.09	14.64	838.07	11.59
MXN	15.67	3.32	32.77	7.77
REALES	2.26	0.09	—	—
DIRHAMS	352.94	21.03	—	—
HNL	577.24	186.17	517.82	184.25

Note: USD = US Dollar, DOP = Dominican Pesos, COP = Colombian Pesos, MXN = Mexican Pesos, HNL = Honduran Lempira, ECS = Ecuador Sucro, ALL = Albanian Lek, EUR = Euro

(36) The concession arrangements of the Group relate primarily to the construction, operation and maintenance of carriageways (roads) and gas stations by special purpose entities within the Group, which at the end of the concession period must be returned in the stipulated conditions to the grantors of the concessions. In consideration for having designed, constructed, operated and maintained such carriageways, the Group is entitled either to “Annuities” from grantors or is entitled charge “Toll” to the users of the carriageways or in the case of gas stations, to compensation from the oil companies besides other revenue from ancillary commercial activities.

(I) The following are toll based service concession arrangements of the Group which have been classified as “Intangible Assets” in the Note 13 to the financial statements:

- a) The Vadodara Halol Road Project (“VHRP”) and the Ahmedabad Mehsana Road Project (“AMRP”) are concession arrangements entered into with the Government of Gujarat through Gujarat Road and Infrastructure Company Limited (“GRICL”). The construction activities of VHRP and AMRP were completed on 24 October 2000 and 20 February 2003 respectively. Maintenance activities cover routine maintenance, overlays and renewals. The concessions, which have been granted for periods of 30 years from those dates, envisage that GRICL will earn a designated return over the concession periods. In the event GRICL is unable to earn the designated return GRICL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index and to custom escalators. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without the default on the part of GRICL will entitle GRICL to the cost of the project and return thereon remaining to be recovered as on the date of transfer. At the end of the concession period, GRICL is required to hand back the carriageway to the grantor at a nominal consideration.

- b) The Delhi Noida Bridge Project (“DNBP”) concession arrangement has been entered into between the New Okhla Industrial Development Authority (NOIDA) and Noida Toll Bridge Company Limited (“NTBCL”). The construction activity was completed on 7 February 2001. Maintenance activities cover routine maintenance, overlays and renewals. The concession, which has been granted for a period of 30 years from 7 February 2001, envisages that NTBCL will earn a designated return over the concession periods. In the event NTBCL is unable to earn the designated return, NTBCL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without default on the part of NTBCL will entitle NTBCL to the cost of the project and returns thereon remaining to be recovered as on the date of transfer. At the end of the concession period, NTBCL is required to hand back the carriageway to the grantor at a nominal consideration.
- c) Elsamex SA, its subsidiaries and joint ventures, (the “Elsamex Group”) have entered into Service Concession Arrangements (“SCA”) for construction and operation and maintenance of five gas stations in Spain and for the construction and operation and maintenance of a road project in Spain with the Government authorities. The periods for which the SCAs have been granted are as under:

<u>Project</u>	<u>Year of SCA</u>	<u>Status</u>	<u>Operations and Maintenance period</u>	<u>Extension of period</u>
Orihuela Gas Station	2001	Construction completed	29 years	At the discretion of granter
Villavidel Gas Station	2001	Construction completed	44 years	At the discretion of granter
Zamora Gas Station	2002	Construction completed	46 years	At the discretion of granter
Ponferrada Gas Station	2004	Construction completed	46 years	At the discretion of granter
Coiros Gas Station	2004	Construction completed	39 years	At the discretion of granter
A4 Road	2007	Construction completed	19 years	At the discretion of granter
Area de servicio Punta Umbria	2010	Construction completed	30 years	At the discretion of granter
Alcantarilla Fotovoltaica, S.L.U.	2010	Construction completed	25 years	At the discretion of granter
Ramky Elsamex Hyderabad	2007	Construction completed	15 years	At the discretion of granter
Beasolatra	2013	Construction completed	25 years	At the discretion of granter

Maintenance activities for the gas stations and road project include routine operating and maintenance as well as periodic overhauling and refurbishment to maintain the stations to the defined standards. In consideration for performing its obligations under the SCA, Elsamex is entitled to compensation from the oil companies computed at a predefined proportion of the sale of products at the gas stations and in the form of a “shadow toll” based on the units of usage i.e. the number of vehicles using the road in respect of road project.

- d) The Beawar Gomti Road Project (“BGRP”) concession arrangement has been entered into between the President of India, represented by Special Secretary and Director General (Road Development), (“DORTH”) and ITNL Road Infrastructure Development Company Limited (“IRIDCL”). IRIDCL is required to design, build, finance and operate the BGRP for a period of 30 years commencing from the appointed date i.e. 8 October 2009. Initially, the company had opted for two laning. In the meeting with Ministry of Road Transport & Highways (MoRTH) of 17 February 2012, the MoRTH has agreed to do four laning of the project with the Company, the same is approved by Board of the Company in the current period. Maintenance activities cover routine maintenance, overlays and renewals. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. Premature termination without the default on the part of IRDCL will entitle IRIDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, IRIDCL is required to hand back BGRP to the grantor without additional consideration.

- e) The Jetpur-Gondal-Rajkot Road Project (“JGRRP”) is a concession arrangement entered into between the National Highways Authority of India (“NHAI”) and West Gujarat Expressway Limited (“WGEL”). The concession has been granted to WGEL for a period of 20 years ending on 17 September 2025. The construction activity was completed on 17 March 2008. Maintenance activities cover routine maintenance, overlays and renewals. In consideration, WGEL will be entitled to collect toll/user charges from the users of JGRRP. The amount of toll recoverable from users is linked to the movements in the wholesale price index. Also on dates specified in the concession agreement, WGEL will be entitled to a “grant” by way of cash support from NHAI, but it also obligated to pay a “negative grant” by way of cash payment to NHAI. Premature termination before the said period of 20 years is not permitted except in the event of a force majeure. The concession does not provide for renewal options. At the end of the concession period, JGRRP is required to hand back the carriageway to the grantor without additional consideration.
- f) The Pune Sholapur Road Project (“PSRP”) concession arrangement has been entered into between NHAI and Pune Sholapur Road Development Company Limited (“PSRDCL”). PSRDCL is required to design, build, finance and operate the PSRP for a period of 19 years and 295 days commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. Premature termination without the default on the part of PSRDCL will entitle PSRDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, PSRP is required to hand back the carriageway to the grantor without additional consideration.
- g) The Moradabad Bareilly Road Project (“MBRP”) is a concession arrangement entered into between NHAI and Moradabad Bareilly Expressway Limited (“MBEL”). MBEL is required to design, build, finance, operate and transfer the MBRP for a period of 25 years commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of MBEL will entitle MBEL to be eligible for compensation as per the concession. At the end of the concession period, MBRP is required to hand back the carriageway to the grantor without additional consideration.
- h) The Company has entered into a Concession Contract Agreement with Haryana Urban Development Authority (HUDA) on 9 December, 2009 for development of Metro Rail Project from Delhi Metro Sikanderpur Station on MG Road, Gurgaon to NH-8 (‘the Project’). As per the terms of the Contract, the Company accepts the concession for a period of 99 years commencing from the effective date, to develop and operate the Project. The Company has received right to charge users of the public service, such rights are recognised and classified as “Intangible Assets” under “Service Concession Arrangement” and carried at cost. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.
- i) The Narketpally Adanki Project (“NAP”) is a concession arrangement entered into between Andhra Pradesh Road Development Corporation and N. A. M. Expressway Limited (“NEL”). NEL is required to design, build, finance, operate and transfer the NAP for a period of 24 years commencing from the appointed date including construction period of 30 months. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of NEL will entitle NEL to be eligible for compensation as per the concession. At the end of the concession period, NAP is required to hand back the carriageway to the grantor without additional consideration.
- j) MP Border Checkpost Project (“MPBCP”) is a concession agreement granted by MP Road Development Corporation Limited (MPRDCL) for construction, operation and maintenance of the Border Checkposts at 24 locations in Madhya Pradesh to MP Border Checkpost Development Company Ltd (MPBCDCL) for a period of 4566 days commencing from the appointed date. As

per the concession agreement, MPBCDCL has obligation to undertake the design, engineering, procurement, construction, operation and maintenance of the project.

In Consideration, the company is entitled to collect service fees from the users in accordance with the concession agreement. At the end of the Concession period, the company will hand over the Infrastructure to MPRDCL.

- k) The Kiratpur Net Chowk Project (“KNCP”) is a concession arrangement entered into between National Highways Authority Limited and Kiratpur Net Chowk Expressway Limited (“KNCEL”). KNCEL is required to build, operate and transfer the KNCP for a period of 28 years commencing from the appointed date including construction period of 30 months. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. Premature termination without default on the part of KNCEL will entitle KNCEL to be eligible for compensation as per the concession.
- l) The Chongqing Yuhe Expressway Project (“CYEP”) is a concession arrangement entered into between People’s Republic of China and Chongqing Yuhe Expressway Company Limited (“Yuhe”). The government has granted the right to charge the users of Chongqing Yuhe Expressway for a period of 20 years to Yuhe. The Premature termination before the said period of concession is not permitted except in the event of a force majeure.
- m) The Sikar Bikaner Project (“SBP”) is a concession arrangement entered into between Ministry of Road Transport and Highways (“MORTH”) and Sikar Bikaner Highway Limited (“SBHL”). SBHL is required to build, operate and transfer the SBP for a period of 25 years including a construction period of two years from the appointed date. Maintenance activities cover routine maintenance, overlays and renewals. The government has granted the right to SBHL to collect a user fee from the users of road. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.
- n) The Baleshwar Kharagpur Project (“BKEL”) is a concession arrangement entered into between NHAI and Baleshwar Kharagpur Expressway Limited (“BKEL”). BKEL is required to construction new bridges / structure and repair of the existing four lane highway from Kharagpur to Baleshwar Section for a period of 24 years including a construction period of 2.5 from the appointed date. The government has granted the right to BKEL to collect a user fee from the users of road. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is not permitted except in the event of a force majeure.
- o) The Company through its SPV, Rapid Metrorail Gurgaon South Limited (“RMGSL”) has entered into a Concession Contract Agreement with Haryana Urban Development Authority (HUDA) on 3 January, 2013 for development of Metro Rail Project from Delhi Metro Sikanderpur Station on MG Road to Sector -56, Gurgaon (‘the Project’). As per the terms of the Contract, the Company accepts the concession for a period of 98 years commencing from the effective date, to develop and operate the Project including construction period of 2.5 years. The Company has received right to charge users of the public service. The Company has not yet started any significant construction activity, therefore Intangible Asset covered under ‘Service Concession Arrangement’ have been carried at cost. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.
- p) The Barwa Adda Expressway Project (“BAEP”) is a concession arrangement entered into between National Highways Authority of India (“NHAI”) and Barwa Adda Expressway Limited (“BAEL”). BAEL is set up to design, build, finance, operate and transfer six laning of Barwa-Adda-Panagarh section of NH2 from 398.24km to 521.12km in the state of Jharkhand and West Bengal for a period of 20 years commencing from the appointed date including construction period of 910 days. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.
- q) Khed Sinnar Expressway Project (“KSEP”) is a concession arrangement entered into between National Highways Authority of India (“NHAI”) and Khed Sinnar Expressway Limited (“KSEL”). KSEL is required to develop and operate 4 laning of the Khed—Sinnar section of NH 50 under design, build, operate and transfer basis for a period of 20 years commencing from the appointed date including construction period of 910 days. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.

- r) National Games Secretariat (NGS) and Kerala University has signed a concession agreement with Karyavottam Sports Facilities Ltd (KSFL), on 04 April 2012 for development of green field Stadium at Karyavottam, Thiruvananthapuram, Kerala on Develop, Build, Operate and Transfer (DBOT) basis. The Concession is granted for a period of 15 years including construction period of two years. The Concessionaire is entitled to annuity amount and is entitled to levy, demand and collect fees from the users of the project facilities. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations.
- (II) The following are annuity based service concession arrangements of the Group which have been classified as financial assets under “Receivables against service concession arrangements” in the financial statements in Note 19:
- a) The North Karnataka Expressway Project (“NKEP”) is a concession arrangement granted by National Highways Authority of India (“NHAI”) for a period of 17 years and 6 months from 20 June 2002 to North Karnataka Expressway Limited (“NKEL”). The construction activities were completed on 19 July 2004. Besides construction, NKEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, NKEL is entitled to a defined annuity. At the end of the concession period NKEP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
- b) The Hyderabad Outer Ring Road (“HORR”) is a concession arrangement granted by Hyderabad Urban Development Authority (“HUDA”) for a period of 15 years including construction period of 3 years from 31 August 2007 to East Hyderabad Expressway Limited (“EHEL”). Besides construction, EHEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, EHEL is entitled to a defined annuity. At the end of the concession period HORR is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
- c) The Hazaribagh Ranchi Road Project (“HRRP”) is a concession arrangement granted by the “NHAI” for a period of 18 years including construction period of 910 days from 8 October 2009 to Hazaribagh Ranchi Expressway Limited (“HREL”). Besides construction, HREL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration HREL is entitled to a defined annuity. At the end of the concession period HRRP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
- d) As per the concession agreements dated 23 September 2009 for Ranchi Ring Road Project (“RRRP”) dated 14 October 2009 for Ranchi—Patratu Dam Road Project (“RPDRP”) and Patratu Dam—Ramgarh Road Project (“PDRRP”), dated 28 May 2011 for Chaibasa Kandra Chowka Road Project (“CKCRP”) and dated 06 August 2011 for Aditya Kandra Road Project (“AKRP”) with the Govt. of Jharkhand (“GOJ”) and Jharkhand Accelerated Road Development Company Limited (“JARDCL”), Jharkhand Road Project Implementation Company Limited (“JRPICL”) is required to develop, design, finance, procure, engineering, construct, operate and maintain the RRRP, RPDRP, PDRRP and CKCRP for a period of 17 years and six months (in case of AKRP 15 years and 9 months) from commencement date. Besides construction, JRPICL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, JRPICL is entitled to a defined annuity. At the end of the concession period RRRP, RPDRP, PDRRP, CKCRP and AKRP are required to be handed over in the stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangements do not provide for renewal options.
- e) The Chenani Nashri Tunnel Project (“CNTP”) is a concession arrangement granted by the “NHAI” for a period of 20 years including construction period of 1825 days to Chenani Nashri Tunnelway Limited (“CNTL”). Besides construction, CNTL’s obligations include routine maintenance of the projects and if required, modify, repair, improvements to the project highway

to comply with specification and standards. In consideration CNTL is entitled to a defined annuity. At the end of the concession period CNTP is required to be handed over in a stipulated condition to the grantor. The concession arrangement does not provide for renewal options.

- f) The Jorabat Shillong Project (“JSP”) is a concession arrangement granted by the “NHAI” for a period of 20 years including construction period of three years from appointed date to Jorabat Shillong Expressway Limited (“JSEL”). Besides construction, JSEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration JSEL is entitled to a defined annuity. At the end of the concession period JSEL is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
- g) The Andhra Pradesh Expressway Project (“APEP”) is a concession arrangement granted by the “NHAI” for a period of 20 years including construction period of three years from appointed date to Andhra Pradesh Expressway Project Limited (“APEL”). The company is required to design, construct, develop, finance, operate and maintain the Kurnool-Kotakatta Bypass road project under BOT basis. In consideration APEL is entitled to a defined annuity. At the end of the concession period, APEL is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.

(37) During the year ended 31 March 2014, the Company has changed the estimates used to compute current tax, based on the recent High Court judgement relating to disallowance of expenses under section 14A of Income Tax Act, 1961 and accordingly arrived at the current tax as applicable to the year ended 31 March 2012 and for the year ended 31 March 2013 on the aforesaid basis. Consequently, ₹ 231.17 million pertaining to the year ended 31 March 2012 and ₹ 248.00 million pertaining to year ended 31 March 2013 are reversed in the current year and shown in Statement of Profit and Loss account as “Tax relating to earlier year”. Accordingly, the profit after tax for the current year is higher by ₹ 479.17 million.

Note No. 38 Segment Reporting

	Surface Transportation Business		Others		Total	
	For year ended 31 March 2014	For year ended 31 March 2013	For year ended 31 March 2014	For year ended 31 March 2013	For year ended 31 March 2014	For year ended 31 March 2013
	₹ in million					
Revenue						
External	62,649.45	64,968.25	3,220.45	1,480.13	65,869.90	66,448.38
Inter-Segment	—	—	—	—	—	—
Segment Revenue	62,649.45	64,968.25	3,220.45	1,480.13	65,869.90	66,448.38
Segment expenses	44,560.48	47,058.80	2,621.15	1,244.64	47,181.63	48,303.44
Segment results	18,088.97	17,909.45	599.30	235.49	18,688.27	18,144.94
Unallocated income (excluding interest income)					1,063.56	359.48
Unallocated expenditure					1,302.14	710.30
Finance cost					14,709.63	11,190.10
Interest Income unallocated					1,091.36	1,080.24
Tax expense (net)					265.49	2,274.02
Share of profit / (loss) of Associates (net)					50.66	46.82
Share of profit transferred to minority interest (net)					(13.89)	254.94
Profit for the year					4,630.48	5,202.12

	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
	₹ in million					
Segment assets	242,790.52	194,183.85	3,700.24	1,682.89	246,490.76	195,866.74
Unallocated Assets (Refer footnote 1)					24,836.87	10,035.82
Total assets					271,327.63	205,902.56
Segment liabilities	18,520.46	14,087.69	2,772.18	981.21	21,292.64	15,068.90
Unallocated Liabilities (Refer footnote 2)					195,409.24	154,435.52
Total liabilities					216,701.88	169,504.42

	For year ended 31 March 2014	For year ended 31 March 2013	For year ended 31 March 2014	For year ended 31 March 2013	For year ended 31 March 2014	For year ended 31 March 2013
	₹ in million					
Capital Expenditure for the year	38,131.95	33,186.68	24.70	—	38,156.65	33,186.68
Depreciation and amortisation expense	1,422.48	905.72	87.70	38.34	1,510.18	944.06
Non cash expenditure other than depreciation for the year	418.63	307.94	—	—	418.63	307.94

(II) Secondary—Geographical Segments:

<u>Particulars</u>	India	Outside India	India	Outside India
	For year ended 31 March 2014	For year ended 31 March 2014	For year ended 31 March 2013	For year ended 31 March 2013
	₹ in million			
Revenue—External	53,109.41	12,760.49	55,231.39	11,216.99
Capital Expenditure	37,529.49	627.16	32,246.27	940.41
	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013	As at 31 March 2013
	₹ in million			
Segment Assets	215,431.00	31,059.76	169,688.35	26,178.39

Footnote:

- 1) Unallocated assets include investments, advance towards share application money, loans given, interest accrued, option premium, deferred tax assets, advance payment of taxes (net of provision), unpaid dividend accounts and fixed deposits placed for a period exceeding 3 months, etc.
- 2) Unallocated liabilities include borrowings, interest accrued on borrowings, deferred tax liabilities (net), provision for tax (net), unpaid dividends, minority interest etc.
- 3) Unallocated income includes Profit on sale of investment (net), Advertisement income, Excess provisions written back, Miscellaneous income, Exchange rate fluctuation and Bad debts and provision for doubtful debts.

Note: 39 Related Party Disclosures

(i) Current Year

(a) Name of the Related Parties and Description of Relationship:

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Abbreviation used</u>
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries (Only with whom there have been transaction during the year / there was balance outstanding at the year end)	IL&FS Financial Services Limited	IFIN
	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Renewable Energy Limited	IREL
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Airport Limited.	IAL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	IL&FS Capital Advisors Limited	ICAL
	PT Mantimin Coal Mining	PTMCM
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited	ITUAL
	IL&FS Trust Company Limited	ITCL
IL&FS Global Financial Services (UK) Limited	IGFSL(UK)	
Associates	Andhra Pradesh Expressway Limited (also a fellow subsidiary) upto 26 March 2014	APEL
	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
	Centro De Investigacion De Carreteras De Andalucia S.A.	CICAN
	CGI-8, S.A.	CGI-8
	Labtec Ensayos Tecnicos Canarios S.A.	LABTEC
	Empresas Pame SA DECV (from 28 April 2010)	EPSD
	Elsamex Road Technology Company Limited	ERTC
	Ramky Elsamex Hyderabad Ring Road	REHRR
VCS Enterprises Limited	VCSEL	
Sociedad Concesionaria Autovia A-4 Madrid S.A.	A4 CONCESSION	
Key Management Personnel	Mr K Ramchand—Managing Director and relatives	
	Mr Mukund Sapre—Executive Director and relatives	
Relatives of KMP	Mrs Rita Ramchand (<i>wife of Mr K Ramchand</i>) Mrs Sangeeta Sapre (<i>wife of Mr Mukund Sapre</i>)	

(b) Current year balances / transactions with above mentioned related parties (mentioned in note 39 (i)(a) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
	<u>₹ in Million</u>				
Balances					
Advance towards capital in a subsidiary					
ILFS	150.00	—	—	—	150.00
	150.00	—	—	—	150.00
Call Option Premium					
ILFS (net of provision of Rs. 79.13 million)	36.67	—	—	—	36.67
	36.67	—	—	—	36.67
Current liabilities					
IFIN	—	312.35	—	—	312.35
ILFS	140.45	—	—	—	140.45
OTHERS	—	27.37	67.22	—	94.59
	140.45	339.72	67.22	—	547.39

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Current Maturities of Long-term debt					
ILFS	95.72	—	—	—	95.72
	95.72	—	—	—	95.72
Interest Accrued					
ILFS	10.97	—	—	—	10.97
TRDCL	—	—	207.57	—	207.57
OTHERS	—	1.15	—	—	1.15
	10.97	1.15	207.57	—	219.69
Interest accrued but not due on borrowings					
ILFS	9.88	—	—	—	9.88
ITUAL	—	17.41	—	—	17.41
	9.88	17.41	—	—	27.28
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	1,693.00	—	—	—	1,693.00
Long-term borrowings					
ILFS	1,611.53	—	—	—	1,611.53
ITUAL	—	317.50	—	—	317.50
	1,611.53	317.50	—	—	1,929.03
Long-term loans and advances					
ILFS	1,123.40	—	—	—	1,123.40
A4 CONCESSION	—	—	716.43	—	716.43
TRDCL	—	—	343.50	—	343.50
ITUAL	—	119.38	—	—	119.38
	1,123.40	119.38	1,059.93	—	2,302.71
Preference share Capital with Premium					
IFIN	—	2,000.00	—	—	2,000.00
IMICL	—	2,000.00	—	—	2,000.00
	—	4,000.00	—	—	4,000.00
Prepaid					
IFIN	—	199.21	—	—	199.21
	—	199.21	—	—	199.21
Provision for redemption premium on Preference Shares					
IFIN	—	12.81	—	—	12.81
IMICL	—	12.81	—	—	12.81
	—	25.62	—	—	25.62
Redemption premium accrued but not due					
ILFS	410.62	—	—	—	410.62
	410.62	—	—	—	410.62
Rent Deposit					
Mr K Ramchand—Managing Director and his relatives	—	—	—	0.50	0.50
Mr Mukund Sapre—Executive Director and his relatives	—	—	—	0.25	0.25
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	0.50	0.50
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	0.25	0.25
	—	—	—	1.50	1.50
Retention Money Payable					
IEISL	—	0.24	—	—	0.24
	—	0.24	—	—	0.24

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Secured Deposit—Long-term					
ITCL	—	0.004	—	—	0.004
	<u>—</u>	<u>0.004</u>	<u>—</u>	<u>—</u>	<u>0.004</u>
Short-term Borrowings					
IFIN	—	1,557.00	—	—	1,557.00
	<u>—</u>	<u>1,557.00</u>	<u>—</u>	<u>—</u>	<u>1,557.00</u>
Short-term loans and advances					
ILFS	22.22	—	—	—	22.22
PTMCM	—	183.59	—	—	183.59
TRDCL	—	—	601.00	—	601.00
OTHERS	—	141.44	0.45	—	141.89
	<u>22.22</u>	<u>325.03</u>	<u>601.45</u>	<u>—</u>	<u>948.70</u>
Trade Payables					
ITUAL	—	2.04	—	—	2.04
	<u>—</u>	<u>2.04</u>	<u>—</u>	<u>—</u>	<u>2.04</u>
Trade Receivables					
TRDCL	—	—	183.35	—	183.35
	<u>—</u>	<u>—</u>	<u>183.35</u>	<u>—</u>	<u>183.35</u>
Transactions					
Administrative and general expenses					
ILFS	366.60	—	—	—	366.60
IMICL	—	92.58	—	—	92.58
OTHERS	—	83.47	0.79	—	84.26
	<u>366.60</u>	<u>176.05</u>	<u>0.79</u>	<u>—</u>	<u>543.44</u>
Borrowings					
ILFS	8.56	—	—	—	8.56
IFIN	—	3,850.00	—	—	3,850.00
ISSL	—	5,000.00	—	—	5,000.00
	<u>8.56</u>	<u>8,850.00</u>	<u>—</u>	<u>—</u>	<u>8,858.56</u>
Director Remuneration					
Mr K Ramchand-Managing Director and his relatives	—	—	—	69.72	69.72
Mr Mukund Sapre-Executive Director and his relatives	—	—	—	40.08	40.08
	<u>—</u>	<u>—</u>	<u>—</u>	<u>109.80</u>	<u>109.80</u>
Dividend Paid					
IFIN	—	9.76	—	—	9.76
ILFS	541.20	—	—	—	541.20
	<u>541.20</u>	<u>9.76</u>	<u>—</u>	<u>—</u>	<u>550.97</u>
Finance charges					
IFIN	—	6.18	—	—	6.18
ILFS	4.45	—	—	—	4.45
ITCL	—	7.02	—	—	7.02
OTHERS	—	2.08	—	—	2.08
	<u>4.45</u>	<u>15.28</u>	<u>—</u>	<u>—</u>	<u>19.73</u>
Intangible assets under development					
IFIN	—	335.57	—	—	335.57
ILFS	16.59	—	—	—	16.59
OTHERS	—	40.32	—	—	40.32
	<u>16.59</u>	<u>375.89</u>	<u>—</u>	<u>—</u>	<u>392.48</u>

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Inter-corporate deposits—matured					
IFIN	—	135.00	—	—	135.00
ILFS	792.29	—	—	—	792.29
	792.29	135.00	—	—	927.29
Inter-corporate deposits—placed					
IFIN	—	145.00	—	—	145.00
ILFS	813.59	—	—	—	813.59
	813.59	145.00	—	—	958.59
Interest Income					
ILFS	144.72	—	—	—	144.72
TRDCL	—	—	114.23	—	114.23
OTHERS	—	0.55	—	—	0.55
	144.72	0.55	114.23	—	259.50
Interest on Loans (Expense)					
ILFS	583.53	—	—	—	583.53
ISSL	—	142.38	—	—	142.38
ITUAL	—	61.00	—	—	61.00
	583.53	203.37	—	—	786.91
Lendings					
IMICL	—	77.50	—	—	77.50
TRDCL	—	—	190.00	—	190.00
	—	77.50	190.00	—	267.50
Long-term borrowings					
ITUAL	—	100.00	—	—	100.00
	—	100.00	—	—	100.00
Miscellaneous Income					
PTMCM	—	183.59	—	—	183.59
	—	183.59	—	—	183.59
Mobilisation Advance recovered					
ITUAL	—	57.36	—	—	57.36
	—	57.36	—	—	57.36
Operating Expenses (Other than Construction Cost)					
ILFS	36.60	—	—	—	36.60
ITUAL	—	592.15	—	—	592.15
OTHERS	—	3.14	—	—	3.14
	36.60	595.29	—	—	631.89
Other Income					
ILFS	7.43	—	—	—	7.43
A4 CONCESSION	—	—	74.48	—	74.48
OTHERS	—	0.36	0.22	—	0.59
	7.43	0.36	74.70	—	82.49
Premium paid on exercise of call option of APEL					
ILFS	6.36	—	—	—	6.36
	6.36	—	—	—	6.36
Proposed Dividend on Preference Shares					
IFIN	—	105.03	—	—	105.03
IMICL	—	105.03	—	—	105.03
	—	210.05	—	—	210.05
Purchase of goods					
IETS	—	0.76	—	—	0.76
	—	0.76	—	—	0.76

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Redemption on NCD					
ILFS	36.00	—	—	—	36.00
	36.00	—	—	—	36.00
Rent Expense					
Mr K Ramchand-Managing Director and his relatives	—	—	—	3.03	3.03
Mr Mukund Sapre-Executive Director and his relatives	—	—	—	1.50	1.50
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	3.73	3.73
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	1.50	1.50
	—	—	—	9.76	9.76
Rental Income					
IETS	—	5.84	—	—	5.84
	—	5.84	—	—	5.84
Repayment of Borrowings					
IFIN	—	3,850.00	—	—	3,850.00
ILFS	7.05	—	—	—	7.05
ISSL	—	5,000.00	—	—	5,000.00
	7.05	8,850.00	—	—	8,857.05
Repayment of Lendings					
TRDCL	—	—	5.10	—	5.10
	—	—	5.10	—	5.10
Revenue from Operations					
APEL	—	—	71.44	—	71.44
TRDCL	—	—	38.82	—	38.82
	—	—	110.25	—	110.25

(ii) Previous Year

(a) Name of the Related Parties and Description of Relationship:

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Abbreviation used</u>
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries	IL&FS Financial Services Limited	IFIN
(Only with whom there have been transaction during the year / there was balance outstanding at the year end)	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Investment Managers Limited	IIML
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Airport Limited.	IAL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	IMICL Dighi Maritime Limited	IDML
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited (formerly known as MPPL Enterprises Limited)	ITUAL
	IL&FS Trust Company Limited	ITCL
	Jharkhand Accelerated Road Development Company Limited	JARDCL
	IL&FS Global Financial Services (ME) Limited	IGFSL(ME)
	IL&FS Global Financial Services (UK) Limited	IGFSL(UK)
	IL&FS Global Financial Services Pte Limited	IGFSPL

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Abbreviation used</u>
Associates	Andhra Pradesh Expressway Limited (also a fellow subsidiary)	APEL
	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
	Centro De Investigacion De Carreteras De Andalucia S.A.	CICAN
	CGI-8, S.A.	CGI-8
	Labtec Ensayos Tecnicos Canarios S.A.	LABTEC
	Empresas Pame SA DECV (from 28 April 2010)	EPSD
	Elsamex Road Technology Company Limited	ERTC
	Ramky Elsamex Hyderabad Ring Road	REHRR
Sociedad Concesionaria Autovia A-4 Madrid S.A.	A4 CONCESSION	
Key Management Personnel	Mr K Ramchand—Managing Director and relatives	
	Mr Mukund Sapre—Executive Director and relatives	
Relatives of KMP	Mrs Rita Ramchand (<i>wife of Mr K Ramchand</i>)	
	Mrs Sangeeta Sapre (<i>wife of Mr Mukund Sapre</i>)	

(b) Current year balances / transactions with above mentioned related parties (mentioned in note 39 (ii) (a) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Balances:					
Investment in Preference Shares					
APEL	—	—	2,200.00	—	2,200.00
	—	—	2,200.00	—	2,200.00
Trade Payables					
ILFS	74.55	—	—	—	74.55
IFIN	—	34.39	—	—	34.39
IETS	—	23.63	—	—	23.63
OTHERS	—	11.62	14.95	—	26.57
	74.55	69.63	14.95	—	159.12
Trade Receivables					
REHRR	—	—	90.20	—	90.20
TRDCL	—	—	157.60	—	157.60
WCBTRL	—	—	227.60	—	227.60
OTHERS	—	0.51	30.90	—	31.41
	—	0.51	506.31	—	506.81
Other Current Liabilities					
ILFS	0.04	—	—	—	0.04
IFIN	—	305.75	—	—	305.75
OTHERS	—	17.61	—	—	17.61
	0.04	323.36	—	—	323.40
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	1,693.00	—	—	—	1,693.00
Borrowings					
ILFS	115.95	—	—	—	115.95
ITUAL	—	217.50	—	—	217.50
	115.95	217.50	—	—	333.45
Interest accrued but not due on borrowings					
ITUAL	—	24.78	—	—	24.78
	—	24.78	—	—	24.78
Current liabilities					
ILFS	28.73	—	—	—	28.73
	28.73	—	—	—	28.73

Particulars	Holding Company	Fellow Subsidiaries	Associates	Key Management personnel and relatives	Total
Long-term borrowings					
ILFS	341.09	—	—	—	341.09
	341.09	—	—	—	341.09
Non Convertible Debentures					
ILFS	252.00	—	—	—	252.00
	252.00	—	—	—	252.00
Advance towards capital in a subsidiary					
ILFS	150.00	—	—	—	150.00
	150.00	—	—	—	150.00
Retention Money Payable					
IEISL	—	0.09	—	—	0.09
	—	0.09	—	—	0.09
Call Option Premium					
ILFS (net of provision of Rs. 163.28 million)	36.67	—	—	—	36.67
	36.67	—	—	—	36.67
Mobilisation Advance paid					
ITUAL	—	176.74	—	—	176.74
	—	176.74	—	—	176.74
Redemption premium accrued but not due					
IFIN	347.15	—	—	—	347.15
	347.15	—	—	—	347.15
Long Term Loan and Advances					
TRDCL	—	—	343.60	—	343.60
A4 CONCESSION	—	—	601.30	—	601.30
	—	—	944.90	—	944.90
Short Term Loan and Advances					
TRDCL	—	—	416.00	—	416.00
CHDCL	—	3.00	—	—	3.00
	—	3.00	416.00	—	419.00
Other Loan and Advances					
ILFS	0.04	—	—	—	0.04
IAL	—	18.36	—	—	18.36
APEL	—	—	9.70	—	9.70
OTHERS	—	3.12	0.53	—	3.65
	0.04	21.48	10.24	—	31.75
Interest accrued—Assets					
TRDCL	—	—	79.55	—	79.55
CHDCL	—	0.65	—	—	0.65
	—	0.65	79.55	—	80.20
Interest Accrued and due on loans given					
TRDCL	—	—	40.90	—	40.90
OTHERS	—	0.02	—	—	0.02
	—	0.02	40.90	—	40.92
Rent Deposit					
Mr K Ramchand-Managing Director and his relatives	—	—	—	0.50	0.50
Mr Mukund Sapre-Executive Director and his relatives	—	—	—	0.25	0.25
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	0.50	0.50
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	0.25	0.25
	—	—	—	1.50	1.50

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
<u>Transactions</u>					
Operating expenses					
ILFS	14.50	—	—	—	14.50
IIDCL	—	48.32	—	—	48.32
OTHERS	—	2.56	—	—	2.56
	14.50	50.88	—	—	65.38
Dividend paid					
ILFS	540.24	—	—	—	540.24
OTHERS	—	9.76	—	—	9.76
	540.24	9.76	—	—	550.00
Lendings					
APEL	—	—	897.44	—	897.44
TRDCL	—	—	422.80	—	422.80
	—	—	1,320.24	—	1,320.24
Repayment of Lendings					
APEL	—	—	2,123.04#	—	2,123.04
OTHERS	—	70.00	84.00	—	154.00
	—	70.00	2,207.04	—	2,277.04
Other Income					
ILFS	119.11	—	—	—	119.11
APEL	—	—	124.49	—	124.49
TRDCL	—	—	86.01	—	86.01
OTHERS	—	10.23	2.14	—	12.36
	119.11	10.23	212.64	—	341.98
Revenue from Operations					
IMICL	—	70.00	—	—	70.00
APEL	—	—	99.20	—	99.20
TRDCL	—	—	39.02	—	39.02
OTHERS	—	—	4.83	—	4.83
	—	70.00	143.05	—	213.05
Administrative and general expenses					
ILFS	385.05	—	—	—	385.05
ITUAL	—	235.19	—	—	235.19
OTHERS	—	108.26	13.78	—	122.04
	385.05	343.45	13.78	—	742.28
Repayment of Borrowings					
ILFS	3,255.28	—	—	—	3,255.28
ISSL	—	2,250.00	—	—	2,250.00
IFIN	—	500.00	—	—	500.00
	3,255.28	2,750.00	—	—	6,005.28
Intangible assets under development					
ILFS	44.81	—	—	—	44.81
IFIN	—	168.54	—	—	168.54
OTHERS	—	8.05	—	—	8.05
	44.81	176.59	—	—	221.40
Finance charges					
ILFS	4.07	—	—	—	4.07
IFIN	—	236.00	—	—	236.00
OTHERS	—	11.10	—	—	11.10
	4.07	247.10	—	—	251.17
Borrowings.					
ILFS	3,000.00	—	—	—	3,000.00
ISSL	—	2,250.00	—	—	2,250.00
OTHERS	—	717.50	—	—	717.50
	3,000.00	2,967.50	—	—	5,967.50

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in Million		
Inter corporate deposit received					
ITUAL	—	50.00	—	—	50.00
	—	50.00	—	—	50.00
Inter corporate deposit repaid					
ITUAL	—	50.00	—	—	50.00
	—	50.00	—	—	50.00
Inter-corporate deposits—matured					
ILFS	5,687.51	—	—	—	5,687.51
IFIN	—	185.20	—	—	185.20
	5,687.51	185.20	—	—	5,872.71
Inter-corporate deposits—placed					
ILFS	5,014.20	—	—	—	5,014.20
IFIN	—	185.20	—	—	185.20
	5,014.20	185.20	—	—	5,199.40
Interest on Borrowings					
ILFS	233.50	—	—	—	233.50
ISSL	—	106.03	—	—	106.03
OTHERS	—	41.22	—	—	41.22
	233.50	147.25	—	—	380.74
Redemption of Non convertible Debentures.					
ILFS	36.00	—	—	—	36.00
	36.00	—	—	—	36.00
Mobilisation Advance paid.					
ITUAL	—	200.00	—	—	200.00
	—	200.00	—	—	200.00
Mobilisation Advance recovered					
ITUAL	—	23.26	—	—	23.26
	—	23.26	—	—	23.26
Director Remuneration					
Mr. K Ramchand	—	—	—	64.17	64.17
Mr. Mukund Sapre	—	—	—	35.28	35.28
	—	—	—	99.46	99.46
Rent Expense					
Mr K Ramchand-Managing Director and his relatives	—	—	—	2.97	2.97
Mr Mukund Sapre-Executive Director and his relatives	—	—	—	1.50	1.50
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	2.56	2.56
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	1.50	1.50
	—	—	—	8.53	8.53

Company's investment in 7,864,000 Optionally Convertible Debentures (Face value Rs. 100 each) amounting Rs. 786.40 million issued by Andhra Pradesh Expressway Limited ("APEL") and loans given to APEL of Rs. 1,262.04 million and interest accrued Rs. 151.56 million were converted into 220,000,000 Non-Convertible Non-Cumulative Redeemable preference shares (Face value Rs. 10 each) aggregating to Rs. 2,200.00 million.

Note No.: 40 Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to subsidiaries

Sr.No.	Name of Subsidiary	Reporting Currency	Country of incorporation	Exchange Rate as at 31 March 2014	Capital	Reserve and Surplus	Total Assets	Total Liabilities (Other than shareholder's funds)	Investments other than investment in subsidiary	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
1	Gujarat Road and Infrastructure Company Limited	INR	India	1.00	904.62	2,232.81	6,815.91	3,678.48	—	1,231.18	709.48	(42.06)	751.54	5.15
2	East Hyderabad Expressway Limited	INR	India	1.00	293.10	305.81	3,869.60	3,270.68	—	422.87	6.50	—	6.50	—
3	ITNL Road Infrastructure Development Company Limited	INR	India	1.00	1,400.00	(223.46)	8,056.47	6,879.93	0.02	2,940.62	68.58	—	68.58	—
4	IL&FS Rail Limited	INR	India	1.00	3,923.00	205.93	5,223.99	1,095.06	—	2,773.01	61.84	22.99	38.85	—
5	Rapid MetroRail Gurgaon Limited	INR	India	1.00	4,484.04	397.59	13,869.34	8,987.70	—	2,945.09	(325.85)	(109.47)	(216.38)	—
6	Rapid MetroRail Gurgaon South Limited	INR	India	1.00	1,620.50	377.00	6,212.67	4,215.17	—	3,987.41	581.45	204.10	377.35	—
7	Vaansh Nimay InfraProjects Limited	INR	India	1.00	158.90	(1,041.46)	208.03	1,090.59	—	564.11	(218.17)	—	(218.17)	—
8	Scheme of ITNL Road Investment Trust	INR	India	1.00	1,096.06	7.94	1,104.26	0.26	—	47.81	47.37	—	47.37	47.81
9	West Gujarat Expressway Limited	INR	India	1.00	400.00	(476.34)	2,554.70	2,631.05	—	485.52	(329.59)	0.03	(329.63)	—
10	Hazariabagh Ranchi Expressway Limited	INR	India	1.00	1,310.00	(265.34)	10,394.18	9,349.52	—	1,381.59	(434.61)	—	(434.61)	—
11	Pune Sholapur Road Development Company Limited	INR	India	1.00	1,760.00	4,087.59	18,403.70	12,556.11	—	3,594.38	116.71	(103.04)	219.76	—
12	Moradabad Bareilly Expressway Limited	INR	India	1.00	2,216.60	6,039.68	23,459.73	15,203.45	—	3,170.95	440.22	110.15	330.06	—
13	Jharkhand Road Projects Implementation Company Limited	INR	India	1.00	2,594.98	601.42	25,744.96	22,548.55	—	4,483.43	(320.22)	(297.75)	(22.47)	—
14	Chenani Nashri Tunnelway Limited	INR	India	1.00	3,720.00	1,676.62	29,133.42	23,736.80	—	6,622.75	238.11	(401.36)	639.47	—
15	Badapur Tollway Operations Management Limited	INR	India	1.00	0.50	2.69	3.59	0.41	—	6.74	(1.68)	0.17	(1.85)	—
16	MP Border Checkpost Development Company Limited	INR	India	1.00	959.68	365.03	11,923.74	10,599.02	—	3,143.82	(129.07)	(43.87)	(85.20)	—

Sr.No.	Name of Subsidiary	Reporting Currency	Country of incorporation	Exchange Rate as at 31 March 2014	Capital	Reserve and Surplus	Total Assets	Total Liabilities (Other than shareholder's funds)	Investments other than investment in subsidiary	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
								₹ in million						
17	North Karnataka Expressway Limited	INR	India	1.00	593.91	1,545.07	5,363.08	3,224.10	—	620.80	184.81	53.60	131.21	59.39
18	Kiratpur Ner Chowk Expressway Limited	INR	India	1.00	1,770.00	385.28	5,840.48	3,685.21	—	3,444.09	389.98	—	389.98	—
19	Baleshwar Kharagpur Expressway Limited	INR	India	1.00	1,163.00	284.12	4,023.22	2,576.10	—	2,189.64	177.79	—	177.79	—
20	Sikar Bikaner Highway Limited	INR	India	1.00	1,240.50	1,099.58	5,709.92	3,369.84	—	2,654.42	239.31	—	239.31	—
21	Khed Sinner Expressway Limited	INR	India	1.00	515.00	368.89	4,508.67	3,624.78	—	4,150.03	368.89	—	368.89	—
22	Barwa Adda Expressway Limited	INR	India	1.00	282.50	(4.56)	2,346.99	2,069.05	—	2,099.56	(4.56)	—	(4.56)	—
23	Karyavattom Sports Facilities Limited	INR	India	1.00	150.50	13.69	1,391.97	1,227.78	—	694.56	8.23	—	8.23	—
24	Futureage Infrastructure India Limited	INR	India	1.00	51.30	(16.39)	37.39	2.48	—	7.70	(11.18)	—	(11.18)	—
25	Chammar RoboPark Limited	INR	India	1.00	63.24	(3.77)	95.97	36.50	—	10.63	(0.75)	—	(0.75)	—
26	ITNL International Pte. Limited	USD	Singapore	60.10	2,426.20	(1,233.18)	12,587.64	11,394.62	4.52	606.34	(405.68)	39.89	(445.57)	—
27	ITNL Offshore Pte. Limited	USD	Singapore	60.10	208.44	(40.24)	6,490.77	6,322.58	—	373.63	10.31	9.14	1.18	—
28	ITNL International JLT	AED	UAE	16.28	148.34	(71.62)	83.86	7.15	—	10.25	(61.71)	—	(61.71)	—
29	ITNL Africa Projects Ltd	NGN	Nigeria	0.36	146.79	(120.80)	78.65	52.66	—	0.71	(125.25)	—	(125.25)	—
30	Sharjah General Services Company LLC	AED	UAE	16.28	5.09	(14.73)	4.96	14.60	—	—	(14.65)	—	(14.65)	—
31	IPL USA LLC	USD	USA	60.10	62.56	(3.89)	58.67	—	—	—	(1.44)	—	(1.44)	—
32	Andhra Pradesh Expressway limited	INR	India	1.00	2,537.00	(335.10)	8,804.25	6,602.36	—	870.03	120.94	—	120.94	—
33	GRICL Rail Bridge Development Company Limited#	INR	India	1.00	—	(0.02)	—	0.02	—	—	(0.02)	—	(0.02)	—
34	GIFT Parking Facilities Limited#	INR	India	1.00	—	—	—	—	—	—	—	—	—	—
35	Elsamex SA	Euro	Spain	82.58	1,673.38	2,851.77	14,618.68	10,093.54	426.61	6,759.84	375.77	53.08	322.69	209.17
36	Atenea Seguridad Y Medio Ambiente S.A.	Euro	Spain	82.58	10.75	132.89	491.19	347.55	—	230.03	63.39	19.17	44.22	—
37	Senalizacion Viales E Imagen S.A.U.	Euro	Spain	82.58	56.81	(285.45)	539.31	767.94	—	99.64	(68.54)	(20.56)	(47.98)	—
38	Elsamex Internacional SL	Euro	Spain	82.58	1,181.72	(531.37)	3,079.72	2,429.37	—	1,003.52	(68.91)	(52.15)	(16.76)	—

Sr.No.	Name of Subsidiary	Reporting Currency	Country of incorporation	Exchange Rate as at 31 March 2014	Capital	Reserve and Surplus	Total Assets	Total Liabilities (Other than shareholder's funds)	Investments other than investment in subsidiary	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
₹ in million														
39	Grusamar Ingenieria Y Consulting SRL	Euro	Spain	82.58	288.60	63.57	1,305.60	953.44	19.43	978.73	37.03	12.74	24.30	—
40	Elsamex Portugal SA	Euro	Portugal	82.58	28.90	76.75	195.57	89.92	—	242.73	17.95	5.40	12.55	—
41	Inteval Gestao Integral Rodoviaria, S.A.	Euro	Portugal	82.58	115.61	119.80	504.84	269.43	—	1,515.49	118.69	32.76	85.92	—
42	Elsamex India Private Limited	INR	India	1.00	0.34	1.12	5.33	3.88	—	10.21	1.24	0.38	0.87	—
43	Yala Construction Co Private Limited	INR	India	1.00	0.97	0.27	2.07	0.84	—	2.68	0.50	0.16	0.34	—
44	Mantenimiento and Conservacion Vialidades SA (MANCOVI) Mexico Construction	pesos mejicanos	Mexico	4.57	2.72	0.91	4.36	0.73	—	7.70	(0.63)	(0.11)	(0.52)	—
45	ESM Mantenimiento Integral de SA de CV	pesos mejicanos	Mexico	4.57	1.58	(0.06)	1.62	0.10	—	1.19	(0.02)	0.01	(0.03)	—
46	CISEM INTEVIA, S.A.	Euro	Spain	82.58	4.95	59.19	959.90	895.76	6.48	334.24	27.81	(3.40)	31.20	—
47	Control 7, S.A	Euro	Spain	82.58	45.46	44.43	392.29	302.40	—	168.66	(34.52)	(6.33)	(28.19)	—
48	Grusamar Albania SHPK	Lek	Albania	0.58	0.00	(0.02)	0.03	0.06	—	—	(0.00)	—	(0.00)	—
49	Area De Servicio Coiros S.L.	Euro	Spain	82.58	82.83	134.44	436.80	219.53	—	42.91	(3.16)	(0.60)	(2.56)	—
50	Conservacion De Infraestructuras De Mexico S.A. De C.V.	pesos mejicanos	Mexico	4.57	0.01	(0.01)	0.01	0.01	—	—	(0.00)	—	(0.00)	—
51	Alcantarilla Fotovoltaica, S.L.U.	Euro	Spain	82.58	3.53	3.90	444.66	437.24	—	42.45	(5.91)	1.61	(7.51)	—
52	Area De Servicio Punta Umbria S.L.U.	Euro	Spain	82.58	6.84	30.42	192.12	154.87	—	29.58	6.60	2.58	4.02	—
53	Beasolarta S.A.U	Euro	Spain	82.58	3.39	2.40	266.83	261.04	—	30.56	4.90	1.47	3.43	—
54	Elsamex Brazil LTDA	Reales	Brazil	26.37	—	—	—	—	—	—	—	—	—	—
55	Elsamex Construccao E Manutencao LTDA	Reales	Brazil	26.37	0.90	(1.25)	0.35	0.70	—	—	(1.16)	—	(1.16)	—
56	Elsamex Maintenance Services Limited	INR	India	1.00	0.01	(0.00)	0.01	—	—	—	(0.00)	—	(0.00)	—
57	Elsamex LLC#	USA	USD	60.10	—	—	—	—	—	—	—	—	—	—
58	Grusamar India LTD	INR	India	1.00	0.01	0.06	0.21	0.14	—	0.31	0.10	0.03	0.07	—
59	Grusamar Engenharia Y Consultoria Brasil LTDA#	Reales	Brazil	26.37	—	—	—	—	—	—	—	—	—	—

In these entities there has been no investments made by the Group. These are considered to be subsidiary based on subscription to the Memorandum & Articles of Association and / or Board control.

(41) Previous year's figures have been regrouped / rearranged wherever necessary to conform to the classification of the current year.

For and on behalf of the Board

Managing Director Director

Chief Financial Officer Company Secretary
Mumbai, 13 May 2014

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
IL&FS TRANSPORTATION NETWORKS LIMITED**

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **IL&FS TRANSPORTATION NETWORKS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities/operations (the Company, its subsidiaries and jointly controlled entities/operations constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entities and associates referred to in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note 13 and Note 19 to the consolidated financial statements, wherein significant elements of the consolidated financial statements have been determined based on management estimates (which in turn are based on technical evaluations by independent experts). These include:
- i. Intangible Assets and Intangible Assets under Development covered under service concession arrangements aggregating to carrying value of ₹ 94,426.28 million (45.86% of the total assets), the useful lives and the annual amortisation thereof;
 - ii. Provision for Overlay carried at ₹ 776.29 million in respect of intangible assets covered under service concession arrangements; and
 - iii. Financial Assets covered under service concession arrangements, included as a part of Receivables against Service Concession Arrangements, carried at ₹ 65,556.50 million (31.84% of the total assets) and revenue recognised thereon based on the effective interest method which in turn is based on evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof.

Our opinion is not qualified in respect of this matter.

Other Matters

8. We did not audit the financial statements / financial information of thirty nine subsidiaries, whose financial statements reflect total assets of ₹ 129,899.38 million as at 31 March 2013, total revenues of ₹ 19,908.99 million and net cash inflows amounting to ₹ 1,324.45 million for the year ended on that date as considered in the consolidated financial statements. We also did not audit the financial statements of seven jointly controlled entities, in which the Group's proportionate share in total assets is ₹ 28,448.16 million as at 31 March 2013, in total revenues is ₹ 6,078.38 million and in net cash inflows is ₹ 225.79 million as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit amounting to ₹ 46.86 million for the year ended 31 March 2013 of twelve associates whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

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

BENGALURU, 7 May 2013
KJM/NDU

IL&FS TRANSPORTATION NETWORKS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

Particulars	Note	As at		As at	
		31 March 2013		31 March 2012	
₹ in million					
I EQUITY AND LIABILITIES					
1 SHAREHOLDERS' FUNDS					
(a) Share capital	2	1,942.68		1,942.68	
(b) Reserves and surplus	3	34,455.45	36,398.13	25,695.22	27,637.90
2 MINORITY INTEREST	4,5		3,577.22		2,934.65
3 NON-CURRENT LIABILITIES					
(a) Long-term borrowings	6	121,849.42		69,737.62	
(b) Deferred tax liabilities (net)	8	2,425.06		2,046.51	
(c) Other long term liabilities	9	2,950.86		2,291.01	
(d) Long-term provisions	11	634.12	127,859.46	750.91	74,826.05
4 CURRENT LIABILITIES					
(a) Current maturities of long-term debt	6A	13,220.08		10,590.75	
(b) Short-term borrowings	7	8,521.99		21,930.82	
(c) Trade payables		11,066.69		11,304.42	
(d) Other current liabilities	10	3,279.53		1,860.04	
(e) Short-term provisions	12	1,979.46	38,067.75	1,395.19	47,081.22
TOTAL			205,902.56		152,479.82
II ASSETS					
1 NON-CURRENT ASSETS					
(a) Fixed assets	13				
(i) Tangible assets (net)		1,415.49		1,251.63	
(ii) Intangible assets (net)		27,716.93		27,612.84	
(iii) Capital work-in-progress		475.99		195.20	
(iv) Intangible assets under development		66,969.81		34,812.66	
(b) Goodwill on consolidation (net)		5,232.59		5,265.68	
(c) Non-current investments (net)	14	6,527.51		3,831.91	
(d) Deferred tax assets	8	110.60		5.23	
(e) Long-term loans and advances (net)	16	7,916.57		9,247.03	
(f) Other non-current assets	18	67,824.49	184,189.98	48,690.68	130,912.86
2 CURRENT ASSETS					
(a) Current investments	15	343.74		122.22	
(b) Inventories	20	168.87		210.10	
(c) Trade receivables (net)	21	7,516.96		8,820.13	
(d) Cash and cash equivalents	22	4,552.42		2,837.87	
(e) Short-term loans and advances	17	6,253.00		7,895.73	
(f) Other current assets	19	2,877.59	21,712.58	1,680.91	21,566.96
TOTAL			205,902.56		152,479.82

Notes 1 to 41 form part of the consolidated financial statements.

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

For and on behalf of the Board

Mr. Kalpesh J. Mehta
Partner

Managing Director

Director

Bengaluru, 7 May 2013

Chief Financial Officer
Bengaluru, 7 May 2013

Company Secretary

IL&FS TRANSPORTATION NETWORKS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

	<u>Note</u>	<u>Year ended 31 March 2013</u>	<u>Year ended 31 March 2012</u>
		<u>₹ in million</u>	
I Revenue from operations	24	66,448.38	56,056.21
II Other income	25	1,439.71	1,238.07
III Total revenue (I + II)		<u>67,888.09</u>	<u>57,294.28</u>
IV Expenses			
Cost of materials consumed	26	1,557.37	1,242.04
Operating expenses	27	39,489.14	33,254.59
Employee benefits expense	28	3,819.26	3,693.91
Finance costs	29	11,190.10	7,282.07
Depreciation and amortisation expense	13	944.06	765.52
Administrative and general expenses	30	3,203.91	3,210.18
Total expenses (IV)		<u>60,203.84</u>	<u>49,448.31</u>
V Profit before taxation (III-IV)		7,684.25	7,845.97
VI Tax expense:			
(1) Current tax		2,154.16	1,966.01
(2) Deferred tax (net)		274.41	626.27
(3) MAT Credit entitlement		(154.55)	(135.07)
Total tax expense (VI)		<u>2,274.02</u>	<u>2,457.21</u>
VII Profit before share of associates & share of minority interest (V-VI)		5,410.23	5,388.76
VIII Share of profit / (loss) of associates (net)		46.82	38.53
IX Share of profit transferred to minority interest (net)		(254.94)	(457.71)
Profit for the year (VII+VIII+IX)		<u>5,202.11</u>	<u>4,969.58</u>
Earnings per equity share (Face value per share ₹ 10/-)	31		
(1) Basic		26.68	25.48
(2) Diluted		26.68	25.48

Notes 1 to 41 form part of the consolidated financial statements.

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

For and on behalf of the Board

Mr. Kalpesh J. Mehta
Partner

Managing Director

Director

Bengaluru, 7 May 2013

Chief Financial Officer

Company Secretary

Bengaluru, 7 May 2013

IL&FS TRANSPORTATION NETWORKS LIMITED

Consolidated Cash Flow Statement for the year ended 31 March 2013

	Year ended 31 March 2013	Year ended 31 March 2012
	₹ in million	
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest and Share of Associates	7,684.25	7,845.97
Adjustments for :-		
Interest earned	(1,080.24)	(930.95)
Profit on sale of investments (net)	(11.68)	(8.58)
Dividend income	(1.18)	(2.10)
Finance costs	11,190.10	7,282.07
Profit / (Loss) on sale of fixed assets (net)	(0.44)	2.97
Provision for employee benefits (net)	166.00	0.66
Depreciation and amortisation expense	944.06	765.52
Provision for Bad and Doubtful Debts	(54.33)	316.85
Provision for Overlay expenses	92.54	130.48
Reversal of provision for diminution in value of investments	(25.20)	(37.03)
Amortisation of goodwill	115.53	—
Foreign Currency Translation reserve and other adjustment	8.07	80.74
Preliminary expense written off	0.05	0.04
Excess provisions written back	(7.70)	(33.06)
Operating profit before Working Capital Changes	19,019.83	15,413.58
Adjustments changes in working capital:		
(Increase) / Decrease in Trade receivables	839.05	(1,171.61)
Decrease in other assets & loans and advances (current and non current)	476.45	2,226.40
Increase in liabilities (current and non current)	645.44	1,419.05
Cash Generated from Operations	20,980.77	17,887.42
Direct Taxes paid (Net)	(1,582.70)	(1,962.04)
Net Cash generated from Operating Activities (A)	19,398.07	15,925.38
Cash flow from Investing Activities		
Additions to fixed assets	(30,621.07)	(19,353.80)
Increase in Receivable under Service Concession Arrangement (net)	(18,766.70)	(21,520.44)
Proceeds from sale of fixed assets	47.01	76.27
Purchase of / advance towards investments (net)	(195.97)	(1,869.51)
Interest received	982.93	637.30
Dividend received	1.18	2.10
(Investment in) / Proceeds from redemption of Mutual Funds & other units (net)	(208.66)	29.68
Long term loans given (net)	(201.21)	(1,520.78)
Short term loans given (net)	(947.69)	(741.87)
Movement in other bank balances	(1,316.63)	895.00
Inter-corporate deposits encashed / (placed) (net)	673.30	(403.30)
Acquisition of a Subsidiary / Jointly Controlled Entities	—	(9,130.97)
Net Cash used in Investing Activities (B)	(50,553.51)	(52,900.32)
Cash flow from Financing Activities		
Proceeds from borrowings	57,558.47	50,753.90
Repayment of borrowings	(15,711.72)	(10,232.23)
Finance costs paid	(13,713.18)	(6,740.31)
Dividend paid	(777.07)	(687.83)
Tax on Dividend paid	(129.89)	(106.47)
Capital Grant received	4,554.45	1,929.09
Proceeds from minority interest	515.30	377.16
Net Cash generated from Financing Activities (C)	32,296.36	35,293.31
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,140.92	(1,681.63)
Cash and Cash Equivalent at the beginning of the year	2,742.62	4,359.70
Impact of Foreign Currency Translation	34.50	64.55
Cash and Cash Equivalent at the end of the year	3,918.04	2,742.62
Net Increase / (Decrease) in Cash and Cash Equivalents	1,140.92	(1,681.63)
Components of Cash and Cash Equivalents		
Cash on hand	23.42	14.81
Balances with Banks in current accounts	2,339.20	1,373.19
Balances with Banks in deposit accounts	1,555.42	1,354.62
	3,918.04	2,742.62
Unpaid dividend accounts	0.51	0.35
Balances held as margin money or as security against borrowings	633.87	94.90
Cash and Cash Equivalents as per Note 22	4,552.42	2,837.87

Notes 1 to 41 form part of the consolidated financial statements.

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

Mr. Kalpesh J. Mehta
Partner

Bengaluru, 7 May 2013

For and on behalf of the Board

Managing Director

Chief Financial Officer

Bengaluru, 7 May 2013

Director

Company Secretary

NOTE—1: PRINCIPLES OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation:

- (a) The Consolidated Financial Statements (“CFS”) relates to IL&FS Transportation Networks Limited (the “Company”), its subsidiaries, jointly controlled entities, jointly controlled operations and associates. The Company, its subsidiaries, jointly controlled entities and jointly controlled operations constitute “the Group”.
- (b) The CFS have been prepared under the historical cost convention in accordance with the generally accepted accounting principles (“GAAP”) in India, as adopted by the Company and the applicable Accounting Standards notified under the Companies (Accounting Standards), Rules, 2006. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.
- (c) The preparation of the 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 consolidated financial statements, the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of its consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. In case the actual results are different are those from estimates, the effect thereof is given in the consolidated financial statements of the period in which the events materialise.

B. Principles of Consolidation:

- (a) The CFS have been prepared by the Company in accordance with Accounting Standards (AS) 21 on “Consolidated Financial Statements”, AS 27 on “Financial Reporting of Interests in Joint Ventures” and AS 23 on “Accounting for Investments in Associates in Consolidated Financial Statements”

Investments in Associates are accounted for under the equity method in accordance with AS 23 on “Accounting for Investments in Associates in Consolidated Financial Statements”.

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

As the financial assets and intangible assets recognised under service concession arrangement are acquired in exchange for infrastructure construction / upgrading services, gains / losses on intra group transactions are treated as realized and not eliminated on consolidation.

In case of foreign subsidiaries, revenue items are consolidated by applying the average rate prevailing during the period to the foreign currency amounts. All assets and liabilities are consolidated by applying the rates prevailing at the period end to the foreign currency amounts. Shareholder’s funds are consolidated by applying the transaction date rates to the foreign currency amounts.

- (b) The accounting policies of subsidiaries have been adjusted, as necessary and to the extent practicable, so as to ensure consistent accounting within the Group.
- (c) The excess of cost of the Group’s investments in each subsidiary, jointly controlled entity and associates over the Group’s share in equity of such entities, at the date on which such investment is made, is recognised as Goodwill and included as an asset in the Consolidated Balance Sheet. The excess of the Group’s share in equity of each subsidiary, jointly controlled entity and associates at the date on which the investment is made, over the cost of the investment is recognised as Capital Reserve and included as Reserves and Surplus under Shareholders’ Equity in the Consolidated Balance Sheet. Any change in the cost of the investment in subsidiary or jointly controlled entity post the acquisition thereof is effected by way of change in the goodwill on consolidation or capital reserve on consolidation, as the case may be.
- (d) Minority interest in the net assets of subsidiaries consists of amounts of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the dates of investments.
- (e) The financial statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2013 except for one overseas subsidiary viz. Elsamex S.A. whose audited financial statements (incorporating the financial statements of its subsidiaries, jointly controlled operations and its associates) have been drawn for a period of twelve months up to 31 December 2012 and adjusted for effects of significant transactions and other events that have occurred between 1 January 2013 and 31 March 2013.

- C. The list of subsidiaries, which are included in the CFS with their respective country of incorporation and the Group's holding therein are given below:

Name of the Subsidiary	Country of Incorporation	Proportion of Group's Interest (%)		Date of Acquisition of Control
		2012-13	2011-12	
1. Held directly:				
Gujarat Road and Infrastructure Company Limited ("GRICL")	India	83.61	83.61	11 January 2007
Scheme of ITNL Road Investment Trust ("IRIT")	India	100.00	100.00	13 March 2007
East Hyderabad Expressway Limited ("EHCL")	India	74.00	74.00	5 September 2007
ITNL Road Infrastructure Development Company Limited ("IRIDCL")	India	100.00	100.00	17 January 2008
IL&FS Rail Limited (formerly known as ITNL Enso Rail Systems Limited) ("IRL")	India	69.29	69.29	4 February 2008
Elsamex SA (includes 22.61 % shares held through IIP, previous year 22.61%) ("Elsamex")	Spain	100.00	100.00	18 March 2008
ITNL International Pte. Ltd. ("IIP")	Singapore	100.00	100.00	19 September 2008
Vansh Nimay Infraprojects Limited ("VNIL")	India	90.00	90.00	25 March 2009
West Gujarat Expressway Limited ("WGEL")	India	74.00	74.00	10 June 2009
Hazaribagh Ranchi Expressway Limited ("HREL")	India	74.00	74.00	1 August 2009
Pune Sholapur Road Development Company Limited ("PSRDCL")	India	100.00	100.00	25 September 2009
Moradabad Bareilly Expressway Limited ("MBEL")	India	100.00	100.00	4 February 2010
Jharkhand Road Projects Implementation Company Limited ("JRPICL")	India	93.04	93.04	27 February 2010
Chenani Nashri Tunnelway Limited ("CNTL")	India	100.00	100.00	2 June 2010
MP Border Checkpost Development Company Limited ("MPBCDCL")	India	51.00	51.00	28 October 2010
Badarpur Tollway Operations Management Limited ("BTOML")	India	100.00	100.00	9 December 2010
Futureage Infrastructure India Limited ("FIIL") (formerly known as Global Parking Plaza Limited)	India	61.22	61.22	14 July 2011
Charminar RoboPark Limited ("CRL")	India	89.92##	97.85	27 July 2011
ITNL Offshore Pte. Ltd. ("IOPL")	Singapore	100.00	100.00	5 December 2011
Karyavattom Sports Facility Limited ("KSFL")	India	99.88	99.88	8 February 2012
Kiratpur Ner Chowk Expressway Limited ("KNCEL")	India	100.00	100.00	12 February 2012
Baleshwar Kharapur Expressway Limited ("BKEL")	India	99.88	—	4 April 2012
Sikar Bikaner Highway Limited ("SBHL")	India	99.88	—	9 May 2012
2. Held through subsidiaries:				
North Karnataka Expressway Limited ("NKEL")	India	93.50@	87.00@	21 March 2007
Proyectos y Promociones Inmobiliarias Sanchez Marcos SL	Spain	NA	100.00*	18 March 2008
Atenea Seguridad y Medio Ambiente S.A.	Spain	100.00\$	100.00*	18 March 2008
Proyectos De Gestion Sistemas Calculo Y Analisis S.A (merged with "Grusamar Ingenieria Y Consulting, S.L.U.")	Spain	NA	100.00*	18 March 2008
Sanchez Marcos Senalizacion e Imagen S.A.	Spain	NA	100.00*	18 March 2008
Senalizacion Viales e Imagen S.U.	Spain	100.00\$	100.00*	18 March 2008
Elsamex Internacional SL	Spain	100.00\$	100.00*	18 March 2008
Grusamar Ingenieria Y Consulting, S.L.U.	Spain	100.00\$	100.00*	18 March 2008
Elsamex Portugal Engenharia e Sistemas de Gestao S.A.	Portugal	73.50\$	73.50*	18 March 2008
Inteval Gestao Integral Rodoviaria, S.A.	Portugal	100.00\$	100.00*	18 March 2008
Elsamex India Private Limited	India	99.15\$	99.15*	18 March 2008
Yala Construction Co Private Limited	India	96.03\$	88.78*	18 March 2008

Name of the Subsidiary	Country of Incorporation	Proportion of Group's Interest (%)		Date of Acquisition of Control
		2012-13	2011-12	
Mantenimiento y Conservacion de Vialidades S.A. de C.V.	Mexico	64.00 ^{\$}	64.00 [*]	18 March 2008
ESM Mantenimiento Integral de SA de CV	Mexico	100.00 ^{\$}	100.00 [*]	18 March 2008
CISEM-INTEVIA, S.A. (formerly Instiuto Tecnico De La Vialidad Y Del Transporte, S.A.)	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Control 7, S.A.	Spain	100.00 ^{\$}	100.00 [*]	18 March 2008
Geotecnia 7, S.A.U. (merged with "Control 7, S.A.") ..	Spain	NA	100.00 [*]	18 March 2008
Grusamar Albania SHPK	Albania	51.00 ^{\$}	51.00 [*]	18 March 2008
Elsamex Brazil LTDA	Portugal	45.34 ^{\$\$}	45.34 ^{\$\$}	18 March 2008
Rapid MetroRail Gurgaon Limited ("RMGL")	India	59.26 [#]	59.26 [#]	30 July 2009
Area De Servicio Coiros S.L.U.	Spain	100.00 ^{\$}	100.00 [*]	31 May 2010
Conservacion De Infraestructuras De Mexico S.A. De C.V.	Mexico	96.40 ^{\$}	96.40 [*]	1 September 2010
Alcantarilla Fotovoltaica, S.L.	Spain	100.00 ^{\$}	100.00 [*]	17 December 2010
Area De Servicio Punta Umbria, S.L.U.	Spain	100.00 ^{\$}	100.00 [*]	17 December 2010
ITNL International JLT ("IJLT")	Dubai	100.00	—	17 May 2012
Rapid MetroRail Gurgaon South Limited ("RMGSL")	India	80.04 [@]	—	6 December 2012
ITNL Africa Projects Ltd. ("IAPL")	Nigeria	100.00 [^]	—	28 February 2013
Beasolarta S.A.U	Spain	100.00 ^{\$}	—	29 November 2012

^{\$} Proportion of Group's Interest as at 31 December 2012

^{*} Proportion of Group's Interest as at 31 December 2011

[@] Out of the above 13.00% is held directly by the Company and balance 85.90% through the scheme of IRIT (Previous year 13.00% held by the Company and balance 74.00% through the scheme of IRIT).

^{@@} Out of the above 35.00% is held directly by the Company and balance 45.04% through the IRL.

[#] Out of the above 26.00% is directly held by the Company and balance 33.26% through IRL (Previous year 26.00% held by Company and balance 33.26% held through IRL).

^{##} Out of the above 74.00% is directly held by the Company and balance 15.92% through FIIL (Previous year 94.45% held by Company and balance 3.40% held through FIIL)

[^] Out of the above 0.50 % is directly held by the Company and balance 99.50% through IIPL (Previous year NIL)

^{\$\$} Represents effective holding of the group 45.34%

The financial position and results (after eliminations) of BKEL, SBHL, IJLT, IAPL, RMGSL and Beasolarta S.L.U. which became subsidiaries during the year ended 31 March 2013 are given below:

	<u>BKEL</u>	<u>SBHL</u>	<u>IJLT</u>	<u>Beasolarta SLU</u>	<u>IAPL</u>	<u>RMGSL</u>
<u>Equity and Liability as at</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>
	₹ in million					
Shareholder's Funds (including share application money)	101.75	117.65	(21.38)	(0.31)	(9.73)	(0.35)
Non-current liabilities	—	—	—	—	—	0.52
Current liabilities	111.16	4.93	3.23	146.88	0.17	281.42
	<u>212.91</u>	<u>122.58</u>	<u>(18.15)</u>	<u>146.59</u>	<u>(9.56)</u>	<u>281.59</u>
<u>Assets as at</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>	<u>31 March 2013</u>
	₹ in million					
Fixed Assets (Net Block)	1,317.90	1,733.89	44.44	147.54	34.22	1,484.90
Non-current assets	0.01	2.14	4.15	0.86	—	8.43
Current assets	90.27	9.23	13.79	0.47	156.27	28.61
	<u>1,408.18</u>	<u>1,745.26</u>	<u>62.38</u>	<u>148.87</u>	<u>190.49</u>	<u>1,521.94</u>
Income for the period (from the date of incorporation / acquisition to 31 March 2013)						
Operating income	1,251.92	1,663.61	—	0.31	—	1,214.57
Other income	0.01	—	—	—	—	—
Total Income	<u>1,251.93</u>	<u>1,663.61</u>	<u>—</u>	<u>0.31</u>	<u>—</u>	<u>1,214.57</u>
Expenses for the period (from the date of incorporation / acquisition to 31 March 2013)						
Operating expenses	77.32	86.75	—	—	—	235.57
Depreciation	—	—	0.95	0.03	—	0.02
Other administrative expenses	7.91	10.50	21.78	0.59	10.08	0.33
Total Expenses	<u>85.23</u>	<u>97.25</u>	<u>22.73</u>	<u>0.62</u>	<u>10.08</u>	<u>235.92</u>
Profit/(Loss) for the period before tax	1,166.70	1,566.36	(22.73)	(0.31)	(10.08)	978.65
Taxes	—	—	—	—	—	—
Profit/(Loss) for the period after tax . . .	<u>1,166.70</u>	<u>1,566.36</u>	<u>(22.73)</u>	<u>(0.31)</u>	<u>(10.08)</u>	<u>978.65</u>

- D. The financial position and results (after eliminations) of KSFL, KNCCEL, IOPL, FIIL and CRL which became subsidiaries during the year ended 31 March 2012 are given below:

	<u>FIIL</u>	<u>CRL</u>	<u>KNCCEL</u>	<u>KSFL</u>	<u>IOPL</u>
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>
Equity and Liabilities as at					
₹ in million					
Shareholders' Funds (including share application money)	(2.02)	(1.10)	(1.37)	(0.24)	(0.49)
Non-current liabilities	—	0.17	—	—	—
Current liabilities	16.43	—	78.80	62.63	0.10
	<u>14.41</u>	<u>(0.93)</u>	<u>77.43</u>	<u>62.39</u>	<u>(0.39)</u>
Assets as at					
₹ in million					
Fixed Assets (Net Block)	3.11	—	435.69	62.45	—
Non-current assets	60.88	—	—	—	—
Current assets	0.66	0.86	36.57	0.45	2.22
	<u>64.65</u>	<u>0.86</u>	<u>472.26</u>	<u>62.90</u>	<u>2.22</u>
Income for the period (from the date of incorporation / acquisition to 31 March 2012)					
Operating income	—	—	343.70	—	—
Total Income	<u>—</u>	<u>—</u>	<u>343.70</u>	<u>—</u>	<u>—</u>
Expense for the period (from the date of incorporation / acquisition to 31 March 2012)					
Operating expenses	—	—	32.10	—	—
Depreciation	0.72	—	—	—	—
Other administrative expenses	2.49	1.06	1.35	0.24	0.43
Total Expenses	<u>3.21</u>	<u>1.06</u>	<u>33.45</u>	<u>0.24</u>	<u>0.43</u>
Profit/(Loss) for the period before tax	(3.21)	(1.06)	310.25	(0.24)	(0.43)
Taxes	—	—	—	—	—
Profit/(Loss) for the period before tax	<u>(3.21)</u>	<u>(1.06)</u>	<u>310.25</u>	<u>(0.24)</u>	<u>(0.43)</u>

E. **Interest in Jointly Controlled Entities:**

- (a) The financial statements (consolidated financial statements where applicable) of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method.
- (b) The accounting policies in the jointly controlled entities have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) The Group's interest in jointly controlled entities are:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Date of Acquisition of Joint Control</u>	<u>Proportion of Group's Interest (%)</u>	
			<u>2012-13</u>	<u>2011-12</u>
Held Directly :				
Noida Toll Bridge Company Limited (NTBCL)	India	Various dates	25.35	25.35
N.A.M. Expressway Limited (NEL)	India	15 June 2010	50.00	50.00
Jorabat Shillong Expressway Limited (JSEL)	India	18 June 2010	50.00	50.00
Held through Subsidiaries :				
Geotecnia y Control De Qualitat, S.A.	Spain	15 July 2010	50.00 ^s	50.00 [*]
Chongqing Yuhe Expressway Co. Ltd.	China	27 December 2011	49.00	49.00
Consortio De Obras Civiles S.R.L	R.Dominicana	11 December 2009	34.00 ^s	34.00 [*]
Vies Y Construcciones S. R. L.	R.Dominicana	12 August 2010	50.00 ^s	50.00 [*]

Footnote: NTBCL includes ITNL Toll Management Services Limited, a subsidiary of NTBCL, which is also an associate of the Company.

\$ Proportion of Group's Interest as at 31 December 2012

* Proportion of Group's Interest as at 31 December 2011

F. Interest in Joint Controlled Operations :

- (a) The financial statements (including consolidated financial statements where applicable) of the jointly controlled operations have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method. The financial statements of the jointly controlled operations are prepared by the respective operators in accordance with the requirements prescribed by the joint operating agreements of the jointly controlled operations.
- (b) The accounting policies of jointly controlled operations have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) The Group's interest in jointly controlled operations are :

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>2012-13^{\$}</u>	<u>2011-12[*]</u>
ABEDUL ORIHUELA	25%	25%
ABEDUL PONFERRADA	25%	25%
ABEDUL VILLAVIDEL	25%	25%
ABEDUL ZAMORA	25%	25%
UTE 6/2004	23%	23%
UTE ABASTECIMIENTO DE HUELVA	N.A.	50%
UTE ABEDUL CACERES	25%	25%
UTE AREAS DE SERVICIO	100%	100%
UTE ARUCAS	40%	40%
UTE ATENEA GRUSAMAR	50%	50%
UTE ATENEA GRUSAMAR	50%	50%
UTE BASOINSA	50%	50%
UTE BIZKAIA III	28%	28%
UTE BOCA CHICA SUCURSAL DOMINICANA	100%	100%
UTE BRION NOIA	N.A.	80%
UTE CASA DEL QUESO	50%	50%
UTE CIUDAD DE LA LUZ	N.A.	50%
UTE CONCESIONARIA A4 UTE CORELSA	50%	50%
UTE CONSERVACION GRUPO SUR	100%	100%
UTE CONSULTEA	50%	50%
UTE CORREDORES VIALES DE COLOMBIA	N.A.	50%
UTE CORUNA 3	70%	70%
UTE CORUNA II	60%	60%
UTE DURANGO II	45%	45%
UTE ELSAMEX ALPIDESA	50%	50%
UTE ELSAMEX CAUCHIL JAEN	80%	80%
UTE ELSAMEX INFRAEST.TERRESTRE	N.A.	80%
UTE ELSAMEX TYOSA OBRAS PUBLICAS	N.A.	50%
UTE ELSAMEX ARIAS OCA	50%	50%
UTE EMBALSE FLIX	50%	50%
UTE ESTEPONA	N.A.	50%
UTE EXPROPIACION	N.A.	50%
UTE GEOT-CIESM-ENMAC 2/2006	25%	25%
UTE GRUSAMAR-KV PUERTO MAHON	80%	80%
UTE GRUSAMAR-KV ZARAGOZA	N.A.	50%
UTE GRUSAMAR-PROGES .VTE.SUECA	N.A.	60%
UTE GUADAHORTUNA	N.A.	50%
UTE INVERSIONES 2008	50%	50%

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>2012-13*</u>	<u>2011-12*</u>
UTE ITZIAR	50%	50%
UTE LINARES	50%	50%
UTE NAVAVILLAR DE PELA II	50%	50%
UTE OSUNA	N.A.	50%
UTE PEAJE LA JUNQUERA	50%	50%
UTE PERI SERRANO URIBE	80%	80%
UTE POLIDEPORTIVO LA LATINA	50%	50%
UTE POLIDEPORTIVOS HORTALEZA	50%	50%
UTE POLIDEPORTIVOS TETUAN	50%	50%
UTE PRESAS	50%	50%
UTE PYCSA-ATENEA	50%	50%
UTE REFUERZO DE FIRME A 395	50%	50%
UTE ROMANA SUCURSAL DOMINICANA	100%	100%
UTE SEGURIDAD VIAL NORTE	30%	30%
UTE SEGURIDAD VIAL NORTE	70%	70%
UTE SENALIZACION MADRID	60%	60%
UTE SIERRA NEVADA	N.A.	50%
UTE SUPERVISION BALEARES	80%	80%
UTE TERUEL 2	50%	50%
UTE TRAVESIA DE HERMIGUA	50%	50%
UTE ZENETA SAN JAVIER	50%	50%
UTE ANDALUCIA	N.A.	80%
UTE MANTENIMIENTO SEROP ELSAMEX	50%	50%
UTE ASTURIAS	N.A.	80%
UTE SANDO 2	50%	50%
UTE CIESM SG-2/2008	24%	24%
UTE GRUSAMAR-INTEVIA-DAIR SEG.VIAL BIZCAYA	60%	60%
UTE GRUSAMAR-INTEVIA-DAIR SEG.VIAL BIZCAYA	10%	10%
UTE RIO ALHAMA	50%	50%
UTE SEG VIAL MURCIA (Grusamar Elsamex Atenea UTE Seguridad Vial Murcia)	50%	50%
UTE SEG VIAL MURCIA (Grusamar-Elsamex-Atenea UTE Seguridad Vial Murcia)	20%	20%
UTE SEG VIAL MURCIA	30%	30%
ELSAMEX-RUBAU UTE ARGENTONA	50%	50%
UTE ELSAMEX-VIMAC	50%	50%
UTE SANTAS MARTAS PALANQUINOS	50%	50%
ELSAMEX-MARTIN CASILLAS UTE CONSERVACION CADIZ	50%	50%
ELSAMEX-OCA UTE ORENSE III	50%	50%
UTE DAIR-INTEVIA	50%	50%
UTE CORDOBA	50%	50%
UTE CASTINSA-INTEVIA-TAIRONA	30%	30%
UTE VIZCAYA II	45%	45%
UTE ELSAMEX-TYOSA	N.A.	50%
UTE ARONA	60%	60%
UTE SECTOR 03	50%	50%
UTE TREN MALLORCA	80%	80%
UTE GRUSAMAR-EYSER	50%	50%
UTE CICAN-CIESM	50%	50%
UTE URBANIZACION CENTRO	30%	30%
UTE VIALES EL JABLE	50%	50%
UTE AP7 ONDARA	60%	60%
UTE ALMANZORA	65%	65%
UTE AUTOVIA DE SANTIAGO	50%	50%
UTE DALLAS	50%	50%
UTE SUR SEVILLA	50%	50%
UTE GRUSAMAR-INSERCO RAMBLA RETAMAR	50%	50%

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>2012-13^{\$}</u>	<u>2011-12[*]</u>
UTE MANTENIMIENTO DE CUENCA	50%	50%
UTE ELSAMEX-LUJAN ALICANTE	50%	50%
UTE GRUSAMAR-INTECSA-INARSA-ATENEA	30%	30%
UTE GRUSAMAR-INTECSA-ATENEA	30%	30%
UTE GRUSAMAR-INGELAN	60%	60%
UTE CONSERVACION ASTURIAS	50%	50%
UTE CONSERVACION ALMERIA	70%	70%
UTE BIZCAYA BI	28%	—
UTE CONSERVACION CACERES	50%	—
UTE SG-2/2011	24%	—
UTE CEIP 1	50%	—
UTE CAP 1	50%	—
UTE ATENEA-PREVECONS	55%	—
UTE (ATENEA-PAYMACOTAS)	40%	—
CON INTERANINO	50%	—
CONS.CARRETERAS DEL SUR	60%	—
CONS. JOSE SALDIS	34%	—
EPSILON	35%	—

^{\$} Proportion of Group's Interest as at 31 December 2012

^{*} Proportion of Group's Interest as at 31 December 2011

G. Investments in Associates:

- An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and / or operating policy decisions of such enterprises. In accordance with AS 23 the investments are carried in the Consolidated Balance Sheet at cost as adjusted by post acquisition changes in the Group's share in the Reserves and Surplus of Associates.
- The accounting policies of associates have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- Details of associates and ownership interest are as follows:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Proportion of Group's Interest (%)</u>	
		<u>2012-13</u>	<u>2011-12</u>
1. Held directly:			
Andhra Pradesh Expressway Limited ("APEL")	India	49.00	49.00
Thiruvananthapuram Road Development Company Limited ("TRDCL")	India	50.00	50.00
ITNL Toll Management Services Limited ("ITMSL") (see footnote below)	India	49.00	49.00
Warora Chandrapur Ballarpur Toll Road Limited ("WCBTRL")	India	35.00	35.00
2. Held through Subsidiaries:			
Centro de Investigaciones de Curretros Andalucía S.A.	Spain	49.00 ^{\$}	49.00 [*]
Labetec Ensayos Técnicos Canarios, S.A.	Spain	50.00 ^{\$}	50.00 [*]
CGI 8 S.A.	Spain	49.00 ^{\$}	49.00 [*]
Elsamex Road Technology Company Limited	China	40.29 ^{\$}	23.44 [*]
Sociedad Concesionaria Autovía A-4 Madrid S.A	Spain	48.75 ^{\$}	48.75 [*]
VCS-Enterprises Limited	India	30.00 ^{\$}	30.00 [*]
Yala Construction Company Limited	Thailand	NA	33.33 [*]
Ramky Elsamex Ring Road Limited, Hyderabad	India	26.00 ^{\$}	26.00 [*]
Emprsas Pame sa De CV	Mexico	34.10 ^{\$}	34.00 [*]

Note: ITMSL is a subsidiary of NTBCL which is consolidated as a Jointly Controlled Entity.

^{\$} Proportion of Group's Interest as at 31 December 2012

^{*} Proportion of Group's Interest as at 31 December 2011

H. Goodwill on consolidation:

- (a) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.
- (b) Goodwill arising from the acquisition of associates is included in the value of the holdings in the associate.
- (c) Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Consolidated Statement of Profit and Loss.
- (d) Goodwill on acquisition of the foreign subsidiary is restated at the rate prevailing at the end of the period.
- (e) During the year ended 31 March 2013, the Group has decided to amortise goodwill on consolidation pertaining to subsidiaries/jointly controlled entities (special purpose vehicles) having a definite concession period, over the balance concession period on a systematic basis. The amortisation charge during the year ended 31 March 2013 amounts to ₹ 115.53 million.

I. Debenture issue expenditure

Incremental costs directly attributable to the issue of debentures are being charged to the Consolidated Statement of Profit and Loss over the period of redemption of debentures.

J. Accounting for Rights under Service Concession Arrangements

i. Recognition and measurement

The Group builds infrastructure assets under public-to-private Service Concession Arrangements (SCAs) which it operates and maintains for periods specified in the SCAs.

Under the SCAs, where the Group has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets". Such 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 recognised and classified as intangible assets. Such an intangible asset is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered).

Under the SCAs, 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 Arrangements".

Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, overlay services) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

ii. Contractual obligation to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets, the timing and amount of such cost are estimated and recognised on an undiscounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts. In case of financial assets, such costs are recognised in the year in which such costs are actually incurred.

iii. Revenue recognition

Revenue from construction services is recognised according to the stage of completion of the contract, which depends on the proportion of costs incurred for the work performed till date to the total

estimated contract costs, provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is estimated to be profitable, revenue is recognised to the extent of recoverable costs. Any expected loss on a contract is recognised as an expense immediately. Revenue is not recognised when the concerns about collection are significant

Revenue from financial asset is recognised in the Consolidated Statement of Profit and Loss as interest, finance income calculated using the effective interest method from the year in which construction activities are started.

Revenue from operating and maintenance services and from overlay services is recognised in the period in which such services are rendered.

Revenue from intangible assets is recognised in the period of collection which generally coincides with the usage of the public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

iv. Borrowing cost

In respect of a financial asset, borrowing costs attributable to construction of the road are charged to Consolidated Statement of Profit and Loss in the period in which such costs are incurred.

In respect of an intangible asset, borrowing costs attributable to construction of the roads are capitalised up to the date of completion of construction. All borrowing costs subsequent to construction are charged to the Consolidated Statement of Profit and Loss in the period in which such costs are incurred.

v. Amortisation of Intangible Asset

The intangible rights which are recognised in the form of right to charge users of the infrastructure asset are amortised by taking proportionate of actual revenue earned for the half year / period over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the half year / period over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

Total Projected Revenue shall be reviewed at the end of the each financial year and the total projected revenue shall be adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

With effect from 1 April 2012 based on notification dated 17 April 2012 issued by Ministry of Corporate Affairs, the Company has changed the method of amortisation of intangible assets arising out of Service Concession Arrangements prospectively. Effective 1 April 2012 the amortisation is in proportion to the revenue earned for the period to the total estimated toll revenue i.e. expected to be collected over the balance concession period. Earlier such intangible assets were amortised based on units of usage method i.e. on the number of vehicles expected to use the project facility over the concession period as estimated by the Management. Had the Group followed the earlier method, the amortisation would have been higher by ₹ 215.95 million for the year ended 31 March 2013 and consequently profit before tax would have been lower by ₹ 215.95 million

vi. Amortisation of Toll Receivable Account

From the current year, the Group has started amortising toll receivable account over the balance estimated period of concession. Amortisation is been done on the basis of revenue for the year to the total estimated revenue over the balance estimated period of concession. Amortisation charge for the year amounts to ₹ 30.76 million.

K. Fixed Assets and Depreciation/Amortisation:

(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Group 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 site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation on tangible fixed assets is computed as under:

- (i) In respect of premises, depreciation is computed on the Straight Line Method at the rates provided under Schedule XIV of the Companies Act, 1956.
- (ii) The Group has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:

<u>Asset Type</u>	<u>Useful Life</u>
Computers	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 years

- (iii) Leasehold improvement costs are capitalised and amortised on a straight-line basis over the period of lease agreement unless the corresponding rates under Schedule XIV are higher, in which case, such higher rates are used.
- (iv) All categories of assets costing less than ₹ 5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of purchase.
- (v) Depreciation on fixed assets, other than on assets specified in K (a) (i), (ii), (iii) and (iv) above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956. Depreciation is computed pro-rata from the date of acquisition of and up to the date of disposal.

(b) Intangible assets and amortisation

Intangible assets, other than those covered by SCAs, comprise of software and amounts paid for acquisition of commercial rights under an "Operation and Maintenance" agreement for a toll road project and are depreciated as follow:

<u>Asset Type</u>	<u>Useful Life</u>
Licensed Software	Over the licence period
Intellectual Property Rights	5 - 7 years
Commercial Rights acquired under Operations and Maintenance Agreement	The minimum balance period of the concession agreement relating to the corresponding toll road project

Intangible assets are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any.

Acquired intangible assets are reported separately from goodwill if they fulfil the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner.

An impairment test of such intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Consolidated Statement of Profit and Loss.

Intangible assets, other than those covered by SCAs, are amortised on a "straight line" basis over their estimated useful lives. The estimated useful life of software is four years. The amount paid for acquisition of the rights under the "Operations and Maintenance" agreement is amortised over the minimum balance period (as at the time of acquisition) of the concession agreement relating to the corresponding toll road project (Refer Foot Note no. ii of Note 13 to the financial statements).

L. Impairment of Assets:

The carrying values of assets of the Group's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

M. Government Grants:

- (a) Government grants are recognised only when it is reasonably certain that the related entity will comply with the attached conditions and the ultimate collection is not in doubt.
- (b) Grants received as compensation for expenses or losses are taken to the Consolidated Statement of Profit and Loss is accounted in the period to which it relates. Grants in the nature of promoter's contribution are treated as Capital Reserve.
- (c) Grants related to specific fixed assets are treated as deferred income, which is recognised in the Consolidated Statement of Profit and Loss in proportion to the depreciation charge over the useful life of the asset.

N. Investments:

- (a) Investments are capitalised at actual cost including costs incidental to acquisition, net of dividend received (net of tax) attributable to the period prior to acquisition of investment.
- (b) Investments are classified as long term or current at the time of making such investments.
- (c) Long term investments are individually valued at cost, less provision for diminution, which is other than temporary.
- (d) Current investments are valued at the lower of cost and market value.
- (e) Cost of investment property acquired in exchange for an asset is determined by reference to the fair value of the asset given up.

O. Inventories:

- (a) Inventories are valued at the lower of cost and net realisable value. Net realisable value is estimated at the expected selling price less estimated selling costs.
- (b) Costs for trading goods are determined using the annual weighted average principle and includes purchase price and non-refundable taxes.
- (c) Cost of raw material includes purchase price and non-refundable taxes.
- (d) Cost of manufactured goods include direct and indirect cost
- (e) Inventories of electronic cards (prepaid cards) and on-board units are valued at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis.

P. Recognition of Revenue other than from Service Concession Arrangements:

- (a) Revenue is recognised when it is realised or realisable and earned. Revenue is considered as realised or realisable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured.
- (b) Revenue in respect of arrangements made for rendering services is recognised over the contractual term of the arrangement. In respect of arrangements which provide for an upfront payment followed by additional payments as certain conditions are met (milestone payments), the amount of revenue recognised is based on the services delivered in the period as stated in the contract. In respect of arrangements where fees for services rendered are success based (contingent fees), revenue is recognised only when the factor(s) on which the contingent fees is based actually occur. In respect of the Group's trading activities, revenue is recognised on dispatch of goods, which coincides with the significant transfer of risks and rewards.
- (c) Revenue realised from grant of advertisement rights is recognised as follows:
 - (i) Development fees are recognised as income during the half year in which the advertisement rights are granted.
 - (ii) License fees are recognised as income on a "Straight-Line" basis over the duration of the license.
- (d) Revenue from development projects under fixed-price contracts, where there is no uncertainty as to measurement or collectability of consideration is recognised based on the milestones reached under the contracts. Pending completion of any milestone, revenue recognition is restricted to the relevant cost which is carried forward as part of Unbilled Revenue.

- (e) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable provided it is not unreasonable to expect ultimate collection.

Q. Foreign Currency Transactions:

- (a) Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange difference arising on settlement thereof during the year is recognised as income or expenses in the Consolidated Statement of Profit and Loss.
- (b) Cash and cash equivalent, receivables, (other than those that are in substance the Group's net investment in a non integral foreign operation), and liabilities (monetary items) denominated in foreign currency outstanding as at the period-end are valued at closing date rates, and unrealised translation differences are included in the Consolidated Statement of Profit and Loss.
- (c) Non monetary items (such as equity investments) denominated in foreign currencies are reported using exchange rate as at the date of the transaction. Where such items are carried at fair value, these are reported using exchange rates that existed on dates when the fair values were determined.
- (d) Inter-company receivables or payables for which settlement is neither planned nor likely to occur in the foreseeable future and are in substance an extension to or a deduction from the Group's net investments in a foreign entity are translated at closing rates but the exchange differences arising are accumulated in a foreign currency translation reserve until disposal of the net investment, at which time they are recognised as income or expense in the Consolidated Statement of Profit and Loss. Any repayment of receivables or payables forming part of net investment in foreign operations is not considered as partial disposal of investments in foreign operations and amounts previously recognised in the foreign currency translation reserve are not adjusted until the disposal of the ownership interest occurs.
- (e) The Group's forward exchange contracts are not held for trading or speculation. The premium or discount arising on entering into such contracts is amortised over the life of the contracts and exchange difference arising on such contracts is recognised in the Consolidated Statement of Profit and Loss.

R. Employee Benefits:

a. Short Term

Short term 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 Group.

b. Long Term

The Group has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Group and in the case of some defined contribution plans by the Group along with its employees.

(i) Defined-contribution plans

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Group's payments to the defined contribution plans are reported as expenses in the period in which the employees perform the services that the payment covers.

(ii) Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

The actuarial gains and losses are recognised immediately in the Consolidated Statement of Profit and Loss.

c. Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the period end are reported as expenses during the period in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

S. Taxes on Income:

- (a) Taxes include taxes on income, adjustment attributable to earlier periods and changes in deferred taxes. Taxes are determined in accordance with enacted tax regulations and tax rates in force and in the case of deferred taxes at rates that have been substantively enacted.
- (b) Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a period different from when they are recognised in the financial statements.
- (c) Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Group's entities carry forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.
- (d) The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.
- (e) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the future period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associates with it will flow to the Company.

T. Provisions, Contingent Liabilities and Contingent Assets:

- (a) A provision is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- (b) Provision for final dividend payable (including dividend tax thereon) is made in the financial statements of the period to which the dividend relates when the same is proposed by the Board of Directors after the Balance Sheet date but before the approval of financial statements of the period to which the dividend relates. Provision for interim dividend payable (including dividend tax thereon) is made in the financial statements of the period in which the same is declared by the Board of Directors.
- (c) Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.
- (d) These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (e) Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.
- (f) A contingent asset is neither recognised nor disclosed.

U. Segment Reporting:

- (a) Segment revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment.
- (b) Revenue, expenses, assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated Revenue/Expenses/Assets/Liabilities".

V. Borrowing Costs:

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

W. Earnings Per Share:

- (a) Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the period.
- (b) Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders of the Group by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

X. Derivative Transactions:

- (a) Premium paid on acquisition of option contracts is treated as a current asset until maturity. If the premium paid exceeds the premium prevailing as at the date of the balance sheet, the difference is charged to the Consolidated Statement of Profit and Loss. If the prevailing premium as at the balance sheet date exceeds the premium paid for acquiring option contracts, the difference is not recognised.
- (b) Premium received on option contracts written is treated as a current liability until maturity. If the premium prevailing on the balance sheet date exceeds the premium received on such options, the difference is charged to the Consolidated Statement of Profit and Loss. If the prevailing premium as at the balance sheet date falls short of the premium received for writing option contracts, the difference is not recognised.
- (c) Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholder's funds and the ineffective portion is recognised immediately in Consolidated Statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in Consolidated Statement of profit and loss.

Premium paid on option contracts acquired is treated as an asset until maturity. Premium received on option contracts written is treated as liability until maturity. In case of Forward exchange contracts which are not intended for trading or speculation purposes, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Consolidated Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Y. Leases:

- (a) Finance leases, which effectively transfer to the Group substantial risks and benefits incidental to ownership of the leased item, are capitalised and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
- (b) Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated 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.

Z. 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.

AA. Consolidated Cash Flow Statement:

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

Note 2: Share capital

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	₹ in million	Number of shares	₹ in million
Authorised				
Equity Shares of ₹ 10/- each	250,000,000	2,500.00	250,000,000	2,500.00
Issued				
Equity Shares of ₹ 10/- each	194,267,732	1,942.68	194,267,732	1,942.68
Subscribed and Paid up				
Equity Shares of ₹ 10/- each fully paid (refer foot note no. i, ii, iii, and iv)	194,267,732	1,942.68	194,267,732	1,942.68
Total	194,267,732	1,942.68	194,267,732	1,942.68

Foot Notes:

i. Of the above 135,000,000 (As at 31 March 2012 : 135,000,000) shares are held by the holding Company viz. Infrastructure Leasing & Financial Services Limited (“IL&FS”) and 2,440,534 (As at 31 March 2012 : 2,440,534) shares are held by a fellow subsidiary viz. IL&FS Financial Services Limited.

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

Particulars	As at 31 March 2013		As at 31 March 2012	
	Equity Shares		Equity Shares	
	Number of Shares	₹ in million	Number of Shares	₹ in million
Shares outstanding at the beginning of the year	194,267,732	1,942.68	194,267,732	1,942.68
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	194,267,732	1,942.68	194,267,732	1,942.68

iii. Shareholding more than 5% of issued, subscribed and paid up equity share capital

Shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of Shares held	% of total holding	Number of Shares held	% of total holding
IL&FS	135,000,000	69.49%	135,000,000	69.49%

iv. The Company has one class of equity shares with face value of ₹ 10 each fully paid-up. Each shareholder has a voting right in proportion to his holding in the paid-up equity share capital of the Company. Where final dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the Annual General Meeting.

Note 3: Reserves and surplus

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Securities Premium Account				
Opening balance	10,320.57		10,320.57	
(+/-) Addition / (Deletion) during the year	—	10,320.57	—	10,320.57
(b) General Reserve				
Opening balance	967.80		715.51	
(+) Transfer from balance in Statement of Profit and Loss	271.16	1,238.96	252.29	967.80
(c) Debenture Redemption Reserve				
Opening balance	259.91		21.96	
(+) Transfer from balance in Statement of Profit and Loss	677.73	937.64	237.95	259.91
(d) Capital Reserve				
Opening balance	2,967.46		1,881.55	
(+) Capital Grants received during the year	4,557.07	7,524.53	1,085.91	2,967.46
(e) Other Reserves (refer foot note no.i)				
Foreign currency translation reserve	116.41		102.35	
Cash flow hedge reserve	(664.15)	(547.74)	(523.42)	(421.07)
(f) Capital Reserve on Consolidation (net)				
Opening balance	1,270.55		1,215.19	
(+) On account of acquisition (net)	58.19		55.36	
(-) Written back in current year	—	1,328.74	—	1,270.55
(g) Surplus in Consolidated Statement of Profit and Loss				
Opening balance	10,330.00		6,806.49	
(+) Profit for the current year	5,202.11		4,969.58	
(+/-) Consolidation adjustment	15.08		(2.62)	
(-) Transfer to general reserve	(271.16)		(252.29)	
(-) Transfer to debenture redemption reserve	(677.73)		(237.95)	
(-) Dividends (including dividend tax)	(926.79)		(934.39)	
(-) Premium on preference shares of subsidiary	(16.14)		(16.19)	
(-) Dividend Tax on premium on preference shares of a subsidiary	(2.62)	13,652.75	(2.63)	10,330.00
Total		34,455.45		25,695.22

Foot Note:

i(a). Foreign currency translation reserve

Particulars	31 March 2013	31 March 2012
	₹ in million	
Balance at the beginning of the year		
[net of deferred tax asset (net) of ₹ 15.08 million, (previous year ₹ 29.20 million)]	102.35	(221.15)
Movement for the year (net)		
[net of deferred tax asset of ₹ 3.89 million (Previous Year ₹ 14.12 million)]	14.06	323.50
Balance at the end of the year	116.41	102.35

i(b). Cash flow hedge reserve

The movement in hedging reserve held by a subsidiary during the year ended 31 March 2013 for derivatives designated as Cash flow hedges is as follow:

Particulars	31 March 2013	31 March 2012
	₹ in million	
Balance at the beginning of the year	(523.42)	(290.59)
Movement for the year (net)	(140.73)	(232.83)
Balance at the end of the year	(664.15)	(523.42)

Note 4: Preference shares issued by subsidiary to minority shareholders (included under Minority Interest) :

One Subsidiary company viz. GRICL, had originally issued Cumulative Redeemable Convertible Preference Shares (CRCPS) carrying 1% dividend, which were to be redeemed at the end of the 13th year from the date of allotment at a premium of 60% on the par value. These shares also carried an option to convert the cumulative

amount (including the redemption premium of 60%) into Deep Discount Bonds (DDBs) at the end of the 13th year at a value calculated based on the issue price of ₹ 17.38 each at the time of conversion and having a maturity value of ₹ 153.98 each redeemable over a period of 3 years commencing from the 5th year from the date of conversion into the DDBs. However, consequent to the restructuring of the Company's corporate debt, the subscribers to the CRCPS agreed to a revision in the terms thereof to the effect that the dividend becomes non-cumulative and the CRCPS will become Non-Cumulative Redeemable Convertible Preference Shares (NRCPS) with effect from 1 April 2004. As a result, the base price and the redemption price of each DDB stood modified; these prices will be determined at the end of the 13th Year.

As a part of the restructuring package approved by the Corporate Debt Restructuring Cell, the subsidiary is not permitted to declare any dividend on equity or preference shares without making good the sacrifices of the lenders.

These preference shares issued amounting to ₹ 350.00 million (as at 31 March 2012 : ₹ 350.00 million) have been included as a part of Minority Interest.

Note 5: Advance towards capital to subsidiary by minority shareholders (included under Minority Interest) :

<u>Particulars</u>	<u>31 March</u>	<u>31 March</u>
	<u>2013</u>	<u>2012</u>
	<u>₹ in million</u>	
Gujarat Road and Infrastructure Company Limited#	450.00	450.00
Total	<u>450.00</u>	<u>450.00</u>

As required under the restructuring package of a subsidiary viz. GRICL approved by the Corporate Debt Restructuring Cell on 17 June 2004, the promoters of GRICL had advanced an aggregate sum of ₹ 450.00 million as advance towards share capital. The subsidiary intends to convert these advances into subordinated debt. Pending completion of the approval process, the Group has classified the amount as an Advance towards Capital.

The aggregate amount of ₹ 450.00 million (as at 31 March 2012 : ₹ 450.00 million) as detailed above has been included as a part of Minority Interest.

Note 6: Long-term borrowings

<u>Particulars</u>	<u>As at 31 March 2013</u>		<u>As at 31 March 2012</u>	
	<u>₹ in million</u>			
(a) Bonds / Debentures				
(i) Secured				
Non convertible debentures—Others	2,345.01		2,916.00	
Non convertible debentures—Related party	141.09		—	
Optionally Convertible debentures—Related party	200.00		200.00	
Deep discount bonds	222.74	2,908.83	360.22	3,476.22
(ii) Unsecured				
Bonds	5,467.92		—	
Non convertible debentures—Others	10,000.00		—	
Non convertible debentures—Related party	216.00	15,683.92	252.00	252.00
(b) Term Loans				
(i) Secured				
From banks	87,100.67		52,206.03	
From financial institutions	2,380.55		887.50	
From others	—		254.71	
From others—Related party	21.06	89,502.28	—	53,348.24
(ii) Unsecured				
From banks	6,263.57		5,646.10	
From financial institutions	—		—	
From others	7,127.47		6,905.00	
From others—Related party	217.50	13,608.54	—	12,551.10
(c) Finance lease obligations				
Secured	145.85	145.85	110.06	110.06
Total		<u>121,849.42</u>	<u>69,737.62</u>	

Note 6A : Current Maturities of Long-term debt

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Bonds / Debentures				
(i) Secured				
Non convertible debentures	699.91	699.91	712.76	712.76
(ii) Unsecured				
Non convertible debentures—Related party	36.00	36.00	36.00	36.00
(b) Term Loans				
(i) Secured				
From banks	2,151.63		1,036.84	
From financial institutions	167.73		163.94	
From others—Related party	94.85		4.20	
From others	—	2,414.21	71.80	1,276.77
(ii) Unsecured				
From banks	9,850.00		8,500.00	
From financial institutions	—		—	
From others	156.88	10,006.88	—	8,500.00
(c) Finance lease obligations				
From other parties	63.08	63.08	65.22	65.22
Total		13,220.08		10,590.75

Note 7: Short-term borrowings

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Loans repayable on demand				
(i) Secured				
From banks	65.75		685.15	
From others	—	65.75	8.03	693.18
(ii) Unsecured				
From banks		36.00		210.73
(b) Short term loans				
Secured from banks	145.69		7,161.91	
Unsecured from banks	6,244.50		12,650.00	
Unsecured from others	142.60	6,532.79	1,215.00	21,026.91
(c) Commercial paper				
Unsecured	2,000.00			
Less : Unexpired discount	(112.55)	1,887.45	—	—
Total		8,521.99		21,930.82

Note 8: Deferred tax liabilities (net) and Deferred tax assets

The Group entities have net deferred tax liabilities aggregating ₹ 2,425.06 million (as at 31 March 2012 ₹ 2,046.51 million) and deferred tax assets aggregating ₹ 110.60 million (as at 31 March 2012 ₹ 5.23 million).

a) The components of deferred tax liabilities (net) are furnished below:

<u>Particulars</u>	<u>As at 31 March 2012</u>	<u>Movement ₹ in million</u>	<u>As at 31 March 2013</u>
Liabilities:			
Timing differences in respect of income	1,750.82	(9.06)	1,741.76
Timing differences in respect of depreciation	1,076.53	320.72	1,397.25
Assets:			
Timing differences in respect of depreciation	(0.06)	(0.01)	(0.07)
Timing differences in respect of employee benefits	(8.22)	(1.74)	(9.96)
Timing differences in respect of unabsorbed depreciation	(665.38)	89.55	(575.83)
Timing differences in respect of provision for doubtful debts	(0.98)	0.98	—
Timing differences in respect of provision for overlay	(106.20)	(21.89)	(128.09)
Deferred tax liabilities (net)	<u>2,046.51</u>	<u>378.55</u>	<u>2,425.06</u>

b) The components of deferred tax assets is furnished below:

<u>Particulars</u>	<u>As at 31 March 2012</u>	<u>Movement ₹ in million</u>	<u>As at 31 March 2013</u>
Assets:			
Timing differences in respect of income	0.01	106.72	106.73
Timing differences in respect of depreciation	2.50	(1.84)	0.66
Timing differences in respect of employee benefits	2.72	0.49	3.21
Deferred tax assets	<u>5.23</u>	<u>105.38</u>	<u>110.60</u>

Footnote:

- The Group has not recognised any deferred tax asset against provision for diminution in investments in the absence of virtual certainty of future taxable capital gains against which diminution could be offset.
- The net amount debited to the consolidated statement of profit & loss is ₹ 274.41 million (as at 31 March 2012 ₹ 626.27 million) and ₹ 5.13 million (as at 31 March 2012 ₹ 107.23 million) is account on foreign exchange fluctuation.
- Deferred tax credit (net) during the year includes deferred tax credit of ₹ 3.89 million (as at 31 March 2012 ₹ 14.12 million) on account of deferred tax asset created during the year which has been directly adjusted against Foreign Currency translation reserve recognised in respect of the foreign exchange translation differences on the Company's receivables which were regarded as an extension to the Company's net investments in a foreign entity and have not been included above.

Note 9: Other long term liabilities

<u>Particulars</u>	<u>As at 31 March 2013</u>		<u>As at 31 March 2012</u>	
	₹ in million			
(a) Trade Payables				
From others	1,179.98	1,179.98	796.00	796.00
(b) Others				
Redemption premium accrued but not due on borrowings	1,537.91		1,213.33	
Other Liabilities	232.97	1,770.88	281.68	1,495.01
Total	<u>2,950.86</u>		<u>2,291.01</u>	

Note 10: Other current liabilities

<u>Particulars</u>	<u>As at 31 March 2013</u>		<u>As at 31 March 2012</u>	
	₹ in million			
(a) Interest accrued but not due on borrowings	259.87		42.74	
(b) Interest accrued and due on borrowings	0.79		—	
(c) Income received in advance	33.36		29.14	
(d) Advance received	675.28		470.07	
(e) Unearned revenue	0.91		9.77	
(f) Payable towards capital assets	1,285.44		308.54	
(g) Statutory dues payable	587.16		420.75	
(h) Other liabilities	436.72	3,279.53	579.03	1,860.04
Total	<u>3,279.53</u>		<u>1,860.04</u>	

Note 11: Long-term provisions

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Provision for dividend on preference shares of subsidiary	5.15		5.15	
(b) Provision for dividend tax on preference dividend of subsidiary	0.88		0.88	
(c) Provision for premium on preference shares of subsidiary	169.12		152.99	
(d) Provision for dividend tax on premium on preference shares of subsidiary	27.96		25.35	
(e) Provision for employee benefits (net)	34.85		21.28	
(f) Provision for overlay (Refer foot note (i) of note no. 12)	388.67		537.77	
(g) Provision for contingency (Refer foot note no. i)	7.49	634.12	7.49	750.91
Total		634.12		750.91

Foot Note:

- (i) The provision for contingency includes ₹ 7.49 million provided in accordance with the terms of scheme of amalgamation of jointly controlled entity for prepayment of loans.

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
Opening balance	7.49		7.49	
Add : Provision made during the year	—		—	
Less : Provision utilised / reversed during the year	—		—	
Closing balance	7.49		7.49	

Note 12: Short-term provisions

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Provision for employee benefits (net)	406.44		252.26	
(b) Provision for tax (net of advance)	258.61		68.74	
(c) Proposed dividend on equity shares	777.07		800.67	
(d) Provision for tax on proposed dividend on equity shares	149.72		129.89	
(e) Provision for overlay (refer foot note no. i)	387.62	1,979.46	143.63	1,395.19
Total		1,979.46		1,395.19

Foot Note:

- (i) 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 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, financial and accounting measurements such as the revenue recognised on financial assets, allocation of annuity into recovery of financial asset, carrying values of financial assets and depreciation of intangible assets and provisions for overlay in respect of service concession agreements are based on such assumptions.

Movements in provision made for overlay are tabulated below:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Long-term	Short-term	Long-term	Short-term
₹ in million				
Opening balance	537.77	143.63	507.59	40.92
Adjustment for foreign exchange fluctuation during the year	2.35	—	4.82	—
Adjustment for reclassification during the year	(268.02)	268.02	12.63	—
Utilised for the year	—	(69.05)	—	(15.04)
Provision made during the year	116.57	45.02	12.73	117.75
Closing balance	388.67	387.62	537.77	143.63

Note 13: Fixed assets

Particulars	Gross Block (at cost)				Depreciation and Amortisation					Net Block	
	Balance as at 1 April 2012	Adjustments / Reclassifications (Refer footnote iii)	Additions	Deletions	Balance as at 31 March 2013	Balance as at 1 April 2012	Adjustments / Reclassifications (Refer footnote iii)	Charge for the year (refer footnote i)	Deletions	Balance as at 31 March 2013	Balance as at 31 March 2013
₹ in million											
a) Tangible assets											
Land	24.07	(4.33)	0.89	—	20.63	—	—	—	—	—	20.63
Building and structures	173.94	10.93	118.66	—	303.53	26.47	4.03	12.73	—	43.23	260.30
Vehicles	1,076.99	80.72	107.41	13.58	1,251.54	848.49	61.61	102.43	11.12	1,001.41	250.13
Data processing equipments	139.72	(11.89)	14.59	0.35	142.07	103.90	(7.20)	15.02	0.22	111.50	30.57
Office premises	11.52	—	35.23	—	46.75	2.10	—	0.48	—	2.58	44.17
Office equipments	81.64	(1.20)	8.55	1.23	87.76	46.25	(1.58)	10.25	1.11	53.81	33.95
Leasehold improvements	12.45	—	6.84	—	19.29	8.17	—	4.94	—	13.11	6.18
Furniture and fixtures	277.78	10.64	14.68	0.43	302.67	157.30	5.24	40.54	0.30	202.78	99.89
Electrical installations	98.59	22.48	3.61	7.11	117.57	96.65	10.80	12.15	3.10	116.50	1.07
Plant and machinery	1,924.31	272.37	99.38	17.08	2,278.98	1,653.02	186.64	103.99	12.80	1,930.85	348.13
Advertisement structure	24.80	(7.95)	—	—	16.85	19.08	(4.18)	1.52	—	16.42	0.43
Assets taken on lease :											
Plant and machinery	302.82	(221.85)	71.75	—	152.72	178.82	(135.95)	26.14	—	69.01	83.71
Vehicles	125.83	(72.41)	4.07	—	57.49	64.53	(42.92)	8.97	—	30.58	26.91
Building and structures	169.96	2.79	14.22	0.02	186.95	16.90	0.44	3.44	0.02	20.76	166.19
Land	28.89	0.62	13.72	—	43.23	—	—	—	—	—	43.23
Total	4,473.31	80.92	513.60	39.80	5,028.03	3,221.68	76.93	342.60	28.67	3,612.54	1,415.49
b) Intangible assets											
Software / Licences acquired	201.50	2.80	18.93	—	223.23	151.22	2.68	19.64	—	173.54	49.69
Commercial rights acquired	206.54	—	—	—	206.54	53.39	—	27.01	—	80.40	126.14
Rights under service concession arrangements (refer foot note no. ii)	28,581.61	550.61	153.52	20.36	29,265.38	1,247.34	18.25	543.46	0.14	1,808.91	27,456.47
Trademarks and licences	1.92	0.01	—	—	1.93	1.91	0.02	—	—	1.93	—
Others	182.41	15.57	8.49	—	206.47	107.28	2.28	12.28	—	121.84	84.63
Total	29,173.98	568.99	180.94	20.36	29,903.55	1,561.14	23.23	602.39	0.14	2,186.62	27,716.93
Grand total	33,647.29	649.91	694.54	60.16	34,931.58	4,782.82	100.16	944.99	28.81	5,799.16	29,132.42
c) Capital work-in-progress (refer foot note no. iv)	195.20	(100.90)	397.44	15.75	475.99	—	—	—	—	—	475.99
d) Intangible assets under development (refer foot note no. ii)	34,812.66	62.45	32,094.70	—	66,969.81	—	—	—	—	—	66,969.81
Grand Total	68,655.15	611.46	33,186.68	75.91	102,377.38	4,782.82	100.16	944.99	28.81	5,799.16	96,578.22

Movement in fixed assets during previous year :

Particulars	Gross block (at cost)				Depreciation and Amortisation					Net block	
	Balance as at 1 April 2011	Adjustments / Reclassifications (Refer footnote iii)	Additions	Deletions	Balance as at 31 March 2012	Balance as at 1 April 2011	Adjustments / Reclassifications (Refer footnote iii)	Charge for the year (refer footnote i)	Deletions	Balance as at 31 March 2012	Balance as at 31 March 2012
	₹ in million										
a) Tangible assets											
Land	26.03	(1.96)	—	—	24.07	—	—	—	—	—	24.07
Building and structures	53.36	120.58	—	—	173.94	2.79	20.22	3.46	—	26.47	147.47
Vehicles	1,027.97	16.27	51.32	18.57	1,076.99	782.02	(28.10)	109.45	14.88	848.49	228.50
Data processing equipments	106.66	18.29	16.02	1.25	139.72	78.84	13.15	13.15	1.24	103.90	35.82
Office premises	11.53	—	—	0.01	11.52	1.92	—	0.19	0.01	2.10	9.42
Office equipments	60.17	12.00	11.04	1.57	81.64	30.89	6.43	10.13	1.20	46.25	35.39
Leasehold improvements	12.45	—	—	—	12.45	3.65	—	4.52	—	8.17	4.28
Furniture and fixtures	133.04	141.51	3.38	0.15	277.78	116.64	24.20	16.82	0.36	157.30	120.48
Electrical installations	15.31	83.41	0.02	0.15	98.59	14.39	80.57	3.25	1.56	96.65	1.94
Plant and machinery	1,056.43	790.47	110.12	32.71	1,924.31	997.11	584.48	96.54	25.11	1,653.02	271.29
Advertisement structure	11.67	13.13	—	—	24.80	9.23	7.12	2.73	—	19.08	5.72
Assets taken on lease											
Plant and machinery	1,028.94	(736.34)	10.22	—	302.82	611.67	(474.94)	42.09	—	178.82	124.00
Vehicles	83.56	30.77	15.00	3.50	125.83	54.67	(5.91)	18.79	3.02	64.53	61.30
Furniture and fixtures	10.38	(10.38)	—	—	—	4.71	(4.71)	—	—	—	—
Building and structures	158.15	11.81	—	—	169.96	9.71	3.99	3.20	—	16.90	153.06
Land	26.73	2.16	—	—	28.89	—	—	—	—	—	28.89
Total	3,822.38	491.72	217.12	57.91	4,473.31	2,718.24	226.50	324.32	47.38	3,221.68	1,251.63
b) Intangible assets											
Software / Licences acquired	181.00	15.18	5.32	—	201.50	124.33	11.66	15.23	—	151.22	50.28
Commercial rights acquired	207.76	—	—	1.22	206.54	26.70	(0.02)	26.96	0.25	53.39	153.15
Rights under service concession arrangements (refer foot note no. ii)	13,280.37	14,477.91	891.45	68.12	28,581.61	681.63	173.29	392.42	—	1,247.34	27,334.27
Trademarks and licences	1.79	0.14	—	0.01	1.92	1.78	0.13	—	—	1.91	0.01
Others	172.38	10.03	0.02	0.02	182.41	93.76	5.34	8.18	—	107.28	75.13
Total	13,843.30	14,503.26	896.79	69.37	29,173.98	928.20	190.40	442.79	0.25	1,561.14	27,612.84
Grand total	17,665.68	14,994.98	1,113.91	127.28	33,647.29	3,646.44	416.90	767.11	47.63	4,782.82	28,864.47
c) Capital work-in-progress	10.32	—	184.88	—	195.20	—	—	—	—	—	195.20
d) Intangible assets under development (refer foot note no. ii)	15,755.81	—	19,056.85	—	34,812.66	—	—	—	—	—	34,812.66
Grand Total	33,431.81	14,994.98	20,355.64	127.28	68,655.15	3,646.44	416.90	767.11	47.63	4,782.82	63,872.33

Foot Note:

- 1 Depreciation on assets used during the construction period ₹ 0.93 million (previous year ₹ 1.59 million) has been included in "Capital Work in Progress". Therefore, the charge to the statement of profit and loss is lower by this amount.

2 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 recognised 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 recognised and classified as intangible assets. Such an intangible asset is recognised 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 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:

Particulars	Upto / As at 31 March 2013	Upto / As at 31 March 2012
	₹ in million	
Margin on construction services recognised in respect of intangible assets (₹ in million)	8,654.42	5,009.64
Carrying amounts of intangible assets (₹ in million)	27,456.47	27,334.27
Units of usage (No. of vehicles)	32,671,845 to 1,554,733,739	50,867,738 to 1,554,733,739
Provision for overlay in respect of intangible assets (₹ in million)	776.29	681.40
Carrying amounts of intangible assets under development (₹ in million)	66,969.81	34,812.66
	For year ended	
	31 March 2013	31 March 2012
Amortisation charge in respect of intangible assets (₹ in million)	543.46	392.42

- 3 Adjustments includes additions to Gross Block and Accumulated Depreciation towards foreign exchange fluctuation / acquisition of new subsidiaries / jointly controlled entities during the year and deductions to Gross Block and Accumulated Depreciation towards foreign exchange fluctuation / sale / cessation of subsidiaries / jointly controlled entities and regrouping of previous year figures.
- 4 Capital Work-In-progress of ₹ 25.67 million (As at 31 March 2012 ₹ Nil) is advance payment towards Intangible Assets.

Note 14: Non-current investments

Particulars	As at 31 March 2013	As at 31 March 2012
	₹ in million	
(a) Investments in Unquoted Equity Instruments—Associates		
Investments in associates	1,275.27	1,268.36
Add/(Less): Unrealised gain on transactions between the Company and its associates	(47.51)	(11.94)
Add: Post-acquisition share of profit / (loss) of associates (net) . .	228.00	175.24
Add: Post-acquisition share of movement in the other reserves of an associate (net)	199.16	9.84
Less: Cash flow hedge reserve	(503.58)	(392.75)
	1,151.34	1,048.75
(b) Investments in Unquoted Equity Instruments (refer note 32)	189.13	187.96
(c) Investments in Covered Warrants (refer foot note no. i)	1,693.00	1,693.00
(d) Investment Property	1,153.02	—
(e) Investments in Other Instruments	2,520.02	1,106.40
Less: Provision for diminution in the value of Investments	(179.00)	(204.20)
Total	6,527.51	3,831.91

Foot Note:

- (i) The Company’s “Investment in Covered Warrants” aggregating to ₹ 1,693.00 million (As at 31 March 2012 ₹ 1,693.00 million) issued by Infrastructure Leasing & Financial Services Limited (“IL&FS”) the holding company, are variable interest debt instruments under which the holder is entitled to a proportionate share of the dividend, if any, declared by Road Infrastructure Development Company of Rajasthan Limited (“RIDCOR”), Jharkhand Accelerated Road Development Company Limited (“JARDCL”), Chhatisgarh Highways Development Company Limited (“CHDCL”) and Jharkhand Road Projects Implementation Company Limited (“JRPICL”) on the equity shares held by IL&FS as well as the interest granted by RIDCOR on the Fully Convertible Debentures (“FCDs”) held by IL&FS. However, the Company is not entitled to rights and privileges, which IL&FS enjoys as a shareholder / debentureholder. The instruments are unsecured.

Note 15: Current investments

Particulars	As at	As at
	31 March 2013	31 March 2012
	₹ in million	
Investments in Units of Mutual Funds	343.74	122.22
Total	343.74	122.22

Note 16: Long-term loans and advances

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Capital Advances (refer foot note no. i)				
Unsecured, considered good	1,279.10	1,279.10	142.28	142.28
(b) Security Deposits				
Secured, considered good	—	—	1.83	—
Unsecured, considered good	631.73	631.73	81.09	82.92
(c) Loans and advances to related parties				
Unsecured, considered good				
—Option premium (net of provision)	36.67	—	36.67	—
—Long term loans	944.90	981.57	1,237.29	1,273.96
(d) Other loans and advances				
Unsecured, considered good				
—Pre-construction and mobilisation advance paid	2,762.93	—	4,479.27	—
—Other advance recoverable	395.08	—	285.29	—
—MAT credit entitlement	360.64	—	206.09	—
—Advance payment of taxes (net of provision)	712.72	—	1,096.62	—
—Loans to others	792.80	5,024.17	1,680.60	7,747.87
Total		7,916.57		9,247.03

Foot Note:

- (i) During the year ended 31 March 2013, the Company has paid ₹ 1,000 million to acquire right to invest in equity of a special purpose vehicle ("SPV") to be formed for construction, operation and maintenance of Z-morh Tunnel including approaches on National Highway no. 1 (Srinagar Sonamarg Gumri Road) in the state of Jammu and Kashmir. Since the SPV has not been formed as at 31 March 2013 the amount paid has been shown as capital advance. On the formation of the SPV and the allotment of shares to the Company, the amount will be transferred to intangible assets and amortised over the concession period of the SPV.

Note 17: Short-term loans and advances

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Loans and advances to related parties				
Unsecured, considered good				
—Advance recoverable	31.75	—	15.91	—
—Inter-corporate deposits	—	—	673.30	—
—Short term loans	419.00	450.75	1,073.00	1,762.21
(b) Other loans and advances				
Unsecured, considered good				
—Mobilisation & other advance	2,053.93	—	3,232.70	—
—Advance recoverable	685.76	—	582.71	—
—Advance towards share application money	200.00	—	269.80	—
—Short term loans—others	2,820.06	—	2,005.81	—
—Current maturities of Long term loans and advances	42.50	5,802.25	42.50	6,133.52
Total		6,253.00		7,895.73

Note 18: Other non-current assets

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Long term Trade Receivables (unsecured, considered good) . .	872.56		278.29	
(b) Receivables against Service Concession Arrangement (refer foot note (i) of note no. 19)	63,592.26		45,980.02	
(c) Toll Receivable account (refer foot note no. i)	1,865.05		1,898.70	
(d) Balances with Banks in deposit accounts (Restricted)	777.50		—	
(e) Unamortised borrowing costs	569.46		—	
(f) Interest accrued but not due	147.66	67,824.49	533.67	48,690.68
Total		67,824.49		48,690.68

Note 19: Other current assets

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Unbilled revenue	5.71		—	
(b) Interest accrued	433.80		243.44	
(c) Receivables against Service Concession Arrangement (refer foot note no. i)	1,964.24		809.78	
(d) Unamortised borrowing costs	31.90		—	
(e) Receivable due to fair valuation of derivative contract	0.78		—	
(f) Grant receivable	441.16	2,877.59	627.69	1,680.91
Total		2,877.59		1,680.91

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 Arrangement” 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	
	31 March 2013	31 March 2012
₹ in million		
Margin on construction and operation & maintenance and renewal services recognised in respect of Receivables against Service Concession Arrangement	5,494.74	4,104.42
Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangement	65,556.50	46,789.80
Revenue recognised on Receivables against Service Concession Arrangement on the basis of effective interest method	14,405.59	9,362.88

Note 20: Inventories (at cost)

Particulars	As at	
	31 March 2013	31 March 2012
₹ in million		
Inventories (at cost)		
(i) Raw materials	—	47.82
(ii) Finished goods	163.52	158.21
(iii) Stores and spares	5.35	4.07
Total	168.87	210.10

Note 21: Trade receivables

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	5,121.81	5,121.81	5,927.48	5,927.48
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	2,395.15		2,892.65	
Other considered doubtful	3.53		3.00	
Less: Provision for doubtful debt	(3.53)	2,395.15	(3.00)	2,892.65
Total		7,516.96		8,820.13

Note 22: Cash and cash equivalents

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in million			
(a) Cash and cash equivalents				
Cash on hand	23.42		14.81	
Balances with Banks in current accounts	2,339.20		1,373.19	
Balances with Banks in deposit accounts	1,555.42	3,918.04	1,354.62	2,742.62
(b) Other bank balances				
Unpaid dividend accounts	0.51		0.35	
Balances held as margin money or as security against borrowings	633.87	634.38	94.90	95.25
Total		4,552.42		2,837.87

Note 23: Contingent liabilities and capital commitments**(A) Contingent liabilities**

Particulars	As at	As at
	31 March 2013	31 March 2012
	₹ in million	
(i) Claims against the Group not acknowledged as debt	607.33	812.72
(ii) Other money for which the company is contingently liable		
—Income tax demands contested by the Group	459.66	429.84
—Other tax liability	87.67	—
—Royalty to Nagpur Municipal Corporation	10.74	10.74
(iii) In terms of the approved restructuring package, the lenders of a subsidiary have a right of recompense, in respect of the sacrifices undertaken by them on account of reduction in interest rates and waiver of compound interest and liquidated damages, in the event of projects' cash flows(after adjusting the operating costs) are in excess of the revised debt servicing requirements. (However, consortium of lenders have claimed ₹ 504.34 million (31 March 2012 ₹ Nil)).	Not Ascertainable	Not Ascertainable
(iv) In case of Income Tax disputes decided in favour of the Group at the First Appellate Authority for amounts disallowed amounting to ₹ 1,439.90 million (31 March 2012 ₹ 1,639.24 million), the Income Tax department has gone for further appeal in all the cases. If decided against the Group, it will result in reduction of unabsorbed depreciation as per the Income -Tax law		
(v) In case of disputes decided against the Group for amounts disallowed amounting to ₹ Nil (31 March 2012 ₹ 16.14 million), the Group has gone for further appeal in all the cases.		

(B) Capital commitments

Particulars	As at	As at
	31 March 2013	31 March 2012
	₹ in million	
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid aggregate ₹ 3,308.27 million) (as at 31 March 2012 ₹ 5,842.65 million)	91,871.98	61,221.11
(ii) Investment Commitments [net of advances of ₹ 200.00 million, (As at 31 March 2012 : ₹ 269.80 million)]	200.00	200.00

(C) Other commitments

Particulars	As at	As at
	31 March 2013	31 March 2012
	₹ in million	
(i) Negative grant to National Highways Authority of India (“NHAI”) (upto 2019-20)	2,600.00	2,700.00

Note 24: Revenue from operations

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	₹ in million			
(a) Income from services				
Advisory and project management fees	722.28		1,905.89	
Lenders’ engineer and supervision fees	166.12		342.13	
Operation and maintenance income	10,219.90		7,655.82	
Licence fee	6.59	11,114.89	12.61	9,916.45
(b) Toll revenue		3,649.13		2,292.94
(c) Finance income		5,042.71		3,108.60
(d) Construction income		46,495.86		40,602.72
(e) Sales (net of sales tax)		66.71		56.20
(f) Operation and maintainace Grant from NHAI		79.08		79.30
Total		66,448.38		56,056.21

Note 25: Other income

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	₹ in million			
(a) Interest Income				
Interest on loans granted	739.10		535.88	
Interest on debentures	164.05		86.59	
Interest on call money	28.57		33.94	
Interest on bank deposits	135.17		96.41	
Interest on short term deposit	13.35		36.27	
Interest on advance towards property	—	1,080.24	141.86	930.95
(b) Profit on sale of investment (net)		11.68		8.58
(c) Profit on sale of fixed assets (net)		0.55		0.33
(d) Dividend income		1.18		2.10
(e) Other non-operating income				
Advertisement income	35.84		1.10	
Excess provisions written back	7.70		33.06	
Exchange rate fluctuation gain (net)	8.78		73.09	
Miscellaneous income	293.74	346.06	188.86	296.11
Total		1,439.71		1,238.07

Note 26: Cost of materials consumed

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	₹ in million			
(a) Material consumption	1,398.35		1,315.00	
(b) Purchase of traded products	66.21		31.80	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	92.81	1,557.37	(104.76)	1,242.04
Total		1,557.37		1,242.04

Note 27: Operating expenses

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	₹ in million			
Construction contract costs	34,234.98		30,512.48	
Fees for technical services / design and drawings	460.54		554.89	
Diesel and fuel expenses	251.92		220.64	
Operation and maintenance expenses	4,131.64		1,703.91	
Provision for overlay expenses	161.59		130.48	
Periodic maintenance expenses	60.95		13.11	
Toll plaza expenses	87.52		19.08	
Negative grant to NHAI	100.00	39,489.14	100.00	33,254.59
Total		39,489.14		33,254.59

Note 28: Employee benefits expense

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	₹ in million			
(a) Salaries and wages	3,073.54		2,889.27	
(b) Contribution to provident and other funds	626.10		655.45	
(c) Staff welfare expenses	53.20		97.10	
(d) Deputation cost	66.42	3,819.26	52.09	3,693.91
Total		3,819.26		3,693.91

Footnote:

(i) Employee benefit obligations:**(A) Defined-contribution plans**

(i) The Group offers its employees defined contribution benefits in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Group pay predetermined contributions into the provident fund and pension fund, contributions to superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

(ii) A sum of ₹ 25.51 (previous year ₹ 23.84) million has been charged to the consolidated Statement of Profit and Loss in this respect.

(B) Defined—benefit plans:

The Group offers its employees defined-benefit plans in the form of gratuity (a lump sum amount). Amounts payable under defined benefit plans are typically based on years of service rendered and the employee's eligible compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. In the case of the gratuity scheme, the Group contributes funds to the Life Insurance Corporation of India which administers the scheme on behalf of the Group. Commitments are actuarially determined at year end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses due to changes in actuarial assumptions are charged to the Consolidated Statement of Profit and Loss.

The net value of the defined-benefit commitment is detailed below:

Particulars	As At	
	31 March 2013	31 March 2012
₹ in million		
Present value of commitment	81.19	57.39
Fair value of plans	76.46	56.35
Unrecognised past service cost	—	—
Payable / (Prepaid) amount taken to the balance sheet	4.73	1.04

Defined benefit commitments:

Gratuity	As At 31 March 2013	As At 31 March 2012
	₹ in million	
Opening balance	57.39	41.65
Excess provision written back	(0.31)	
Interest cost	4.55	3.25
Current service cost	17.95	14.21
Benefits paid	(5.41)	(7.19)
Actuarial (gain) / loss	6.74	4.30
Transferred from / to other company	0.28	1.17
Closing balance	81.19	57.39

Plan Assets:

Gratuity	As At 31 March 2013	As At 31 March 2012
	₹ in million	
Opening balance	56.35	46.31
Expected return on plan assets	5.24	4.11
Contributions by the Company / Group	19.35	11.82
Benefits paid	(5.20)	(7.19)
Transferred from / to other company	0.28	1.17
Actuarial gain / (loss)	0.44	0.15
Other adjustments	0.00	(0.02)
Fair value of plan assets	76.46	56.35

Return on Plan Assets:

Gratuity	Year ended 31 March 2013	Year ended 31 March 2012
	₹ in million	
Expected return on plan assets	5.24	4.11
Actuarial gain / (loss)	0.44	0.15
Actual return on plan assets	5.68	4.26

Expenses on defined benefit plan recognised in the Consolidated Statement of Profit and Loss:

Gratuity	Year ended 31 March 2013	Year ended 31 March 2012
	₹ in million	
Current service cost	17.95	14.21
Interest expenses	4.55	3.25
Expected return on investments	(5.24)	(4.11)
Net actuarial (gain) / loss	6.30	4.15
Expenses charged to Consolidated Statement of Profit and Loss	23.56	17.50

- (i) The actuarial calculations of estimated defined benefit commitments and expenses are based on the following assumptions, which if changed would affect the defined benefit commitment's size, funding requirements and pension expense.

Particular	Year Ended 31 March 2013		Year Ended 31 March 2012	
	Group entities other than a jointly controlled entity	Jointly controlled entity	Group entities other than a jointly controlled entity	Jointly controlled entity
Rate for discounting liabilities	8.25%-8.50%	8.25%-8.50%	8.25%-8.50%	8.25%-8.50%
Expected salary increase rate	6.00%-6.50%	6.50%	6.00%-6.50%	6.50%
Expected return on scheme assets	8.00%	6.50%	8.00%	6.50%
Attrition rate	2%	Not disclosed	2%	Not disclosed
Mortality table used	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	Not disclosed

- (ii) The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

- (iii) The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the current period and previous three annual periods is given below:

Gratuity (Funded Plan)	As At 31 March 2013	As At 31 March 2012	As At 31 March 2011	As At 31 March 2010	As At 31 March 2009	As At 31 March 2008
	₹ in million					
Defined benefit commitments	81.19	57.39	41.65	28.80	21.50	21.64
Plan assets	76.46	56.35	46.31	35.27	26.41	23.07
Unfunded liability transferred from group companies	—	—	0.64	—	—	0.07
(Surplus) / Deficit	4.73	1.04	(4.02)	(6.47)	(4.91)	(1.36)

<u>Gratuity (Funded Plan)</u>	<u>Year ended 31 March 2013</u>	<u>Year ended 31 March 2012</u>	<u>Year ended 31 March 2011</u>	<u>Year ended 31 March 2010</u>	<u>Year ended 31 March 2009</u>	<u>Year ended 31 March 2008</u>
	₹ in million					
Experience adjustments on plan commitments	(4.03)	(0.40)	4.32	(0.87)	6.22	8.99
Experience adjustments on plan assets	0.69	(0.35)	1.11	0.15	(1.34)	(0.93)
(iv) The contribution expected to be made by some of the constituents of the Group during the financial year 2013-2014 ₹ 67.47 million (31 March 2012 ₹ 49.82 million)						
(vi) The above disclosures does not include details of five foreign subsidiaries and one foreign jointly controlled entity as the same is not applicable in their respective countries						

Note 29: Finance costs

<u>Particulars</u>	<u>Year ended 31 March 2013</u>	<u>Year ended 31 March 2012</u>
	₹ in million	
(a) Interest expenses		
Interest on loans for fixed period	9,942.94	6,599.57
Interest on debentures	759.07	80.44
Interest on deep discount bonds	155.89	135.12
	10,857.90	6,815.13
(b) Other finance charges		
Guarantee commission	90.01	26.38
Finance charges	242.19	440.56
	332.20	466.94
Total	11,190.10	7,282.07

Note 30: Administrative and general expenses

<u>Particulars</u>	<u>Year ended 31 March 2013</u>	<u>Year ended 31 March 2012</u>
	₹ in million	
Legal and consultation fees	334.73	274.52
Travelling and conveyance	259.12	338.33
Rent	747.67	488.10
Rates and taxes	181.57	72.87
Repairs and maintenance others	153.96	103.98
Bank commission	71.72	232.26
Registration expenses	28.36	—
Communication expenses	79.30	67.08
Insurance	249.47	140.87
Printing and stationery	37.15	38.37
Electricity charges	44.60	34.77
Directors' fees	11.39	6.37
Bad debts and provision for doubtful debts	—	316.85
Loss on sale of fixed assets (net)	0.11	3.30
Brand subscription fees	290.33	218.25
Amortisation of goodwill	115.53	—
Amortisation of toll receivable account	30.76	—
Miscellaneous expenses	568.14	874.26
	3,203.91	3,210.18
Total	3,203.91	3,210.18

Note 31: Earnings per equity share

<u>Particulars</u>	<u>Unit</u>	<u>Year ended</u>	<u>Year ended</u>
		<u>31 March 2013</u>	<u>31 March 2012</u>
Profit for the year	₹ in million	5,202.11	4,969.58
Premium on preference shares of subsidiary	₹ in million	(16.14)	(16.19)
Dividend Tax on premium on preference shares of subsidiary	₹ in million	(2.62)	(2.63)
Profit available for Equity Shareholders	₹ in million	5,183.35	4,950.76
Weighted average number of Equity Shares outstanding	Number	194,267,732	194,267,732
Nominal Value per equity share	₹	10.00	10.00
Basic Earnings per share	₹	26.68	25.48
Weighted average number of Equity shares used to compute diluted earnings per share	Number	194,267,732	194,267,732
Diluted Earnings per share	₹	26.68	25.48

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 32: Investment in Airport Holding Australasia Pte Limited (“AHA”)

Investment in AHA has not been considered as Investments in Associates as in the view of the Management, no significant influence exist.

Note 33: Disclosure in terms of Accounting Standard (AS) 7—Construction Contracts

<u>Particulars</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31 March 2013</u>	<u>31 March 2012</u>
	₹ in million	
Contract revenue recognised as revenue during the year ended	295.93	764.69
	As at	
	<u>31 March 2013</u>	<u>31 March 2012</u>
	₹ in million	
Cumulative amount of Contract Revenue recognised	74.97	545.91

Note 34 : Disclosure of Leases :**(A) Operating Lease:**

The Group holds certain properties under a non-cancellable operating lease. The Group’s future lease rentals under the operating lease arrangements as at the year-end are as under:

- (a) For jointly controlled entities—Nil
- (b) For entities other than jointly controlled entities

<u>Future Lease rentals</u>	<u>As at</u>	<u>As at</u>
	<u>31 March 2013</u>	<u>31 March 2012</u>
	₹ in million	
Within one year	279.98	365.87
Over one year but less than 5 years	166.97	161.83
More than 5 years	5.44	44.80

The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to Group to renew the lease or purchase the properties. The agreements provide for changes in the rentals if the taxes leviable on such rentals change.

<u>Particular</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31 March 2013</u>	<u>31 March 2012</u>
	₹ in million	
Amount charged to the Consolidated Statement of Profit and Loss for rent	196.11	434.54

(B) Finance Leases:**(a) Subsidiaries**

<u>Particular</u>	<u>As at 31 March 2013</u>			<u>As at 31 March 2012</u>		
	<u>Minimum Lease Payment</u>	<u>Present value of minimum lease payments</u>	<u>Lease Charges</u>	<u>Minimum Lease Payment</u>	<u>Present value of minimum lease payments</u>	<u>Lease Charges</u>
	₹ in million					
Amount payable not later than one year	68.18	63.08	5.10	71.56	65.22	6.34
Amount payable >1 but < 5 years	115.46	106.38	9.08	83.17	71.16	12.00
Amount payable > 5 years	41.71	39.47	2.24	41.32	38.90	2.41
Total	<u>225.35</u>	<u>208.93</u>	<u>16.42</u>	<u>196.05</u>	<u>175.28</u>	<u>20.75</u>

(b) Jointly controlled entities—Nil

(35) The Group's percentage holding in various jointly controlled entities are given below:

<u>Name of the jointly controlled entity</u>	<u>As at</u>	<u>As at</u>
	<u>31 March 2013</u>	<u>31 March 2012</u>
	<u>% holding</u>	<u>% holding</u>
NTBCL	25.35	25.35
JSEL	50.00	50.00
NAMEL	50.00	50.00
YuHe	49.00	49.00
Geotecnia y Control De Qualitat, S.A.	50.00	50.00
Consortio De Obras Civiles S.R.L	34.00	34.00
Vies Y Construcciones S. R. L.	50.00	50.00

The proportionate share in assets, liabilities, income and expenditures of above jointly controlled entities as included in these CFS is given below:

<u>Particulars</u>	<u>As at</u>	<u>As at</u>
	<u>31 March 2013</u>	<u>31 March 2012</u>
	₹ in million	
Assets		
Fixed assets (net)	23,320.16	19,647.33
Deferred tax assets	11.80	2.51
Investment	343.75	89.91
Non-current assets	3,852.99	2,613.57
Current assets	954.72	633.94
	<u>28,483.43</u>	<u>22,987.26</u>
Equity and Liabilities		
Reserves and surplus	3,419.37	777.45
Non-current liabilities	13,570.78	10,932.76
Deferred Tax Liability	191.03	183.95
Current liabilities	1,292.07	1,386.01
	<u>18,473.25</u>	<u>13,280.17</u>
Income		
Revenue from operations	8,319.10	4,188.17
Other Income	80.84	24.44
	<u>8,399.94</u>	<u>4,212.61</u>
Expenses		
Operating expenses	3,411.12	466.52
Administrative and general expenses	460.32	149.73
Depreciation and amortisation expense	360.79	110.23
Finance costs	779.94	282.49
Taxes—Current tax & Deferred tax	58.25	179.91
	<u>5,070.42</u>	<u>1,188.88</u>

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	₹ in million	
Contingent Liabilities	—	—
Capital Commitments	2,400.37	5,725.12

(36) The period end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

<u>Receivable</u>	31-03-2013		31-03-2012	
	₹ in million	Foreign Currency in million	₹ in million	Foreign Currency in million
<u>Name of Currency</u>				
DOP	826.58	15.87	780.40	15.70
COP	3,893.23	1.67	3,998.99	1.60
USD	0.96	0.73	1.33	1.03
ALL	8.02	0.06	7.65	0.06
INR	443.33	6.13	343.28	4.88
MXN	30.25	1.76	30.38	1.68
HNL	2.12	0.08	2.35	0.10

<u>Payable</u>	31-03-2013		31-03-2012	
	₹ in million	Foreign Currency in million	₹ in million	Foreign Currency in million
<u>Name of Currency</u>				
DOP	523.95	10.06	578.85	11.64
COP	3,885.36	1.66	3,101.14	1.24
USD	137.19	2.86	42.22	0.83
ALL	13.22	0.10	12.06	0.09
INR	109.43	1.51	111.32	1.58
MXN	7.77	0.45	10.60	0.59
HNL	184.25	7.16	181.07	7.54

Note: USD = US Dollar, DOP = Dominican Pesos, COP = Colombian Pesos, MXN = Mexican Pesos, HNL = Honduran Lempira, ECS = Ecuador Sucre, ALL = Albanian Lek, EUR = Euro

(37) The concession arrangements of the Group relate primarily to the construction, operation and maintenance of carriageways (roads) and gas stations by special purpose entities within the Group, which at the end of the concession period must be returned in the stipulated conditions to the grantors of the concessions. In consideration for having designed, constructed, operated and maintained such carriageways, the Group is entitled either to “Annuities” from grantors or is entitled charge “Toll” to the users of the carriageways or in the case of gas stations, to compensation from the oil companies besides other revenue from ancillary commercial activities.

(I) The following are toll based service concession arrangements of the Group which have been classified as “Intangible Assets” in the Note 13 to the financial statements:

- a) The Vadodara Halol Road Project (“VHRP”) and the Ahmedabad Mehsana Road Project (“AMRP”) are concession arrangements entered into with the Government of Gujarat through Gujarat Road and Infrastructure Company Limited (“GRICL”). The construction activities of VHRP and AMRP were completed on 24 October 2000 and 20 February 2003 respectively. Maintenance activities cover routine maintenance, overlays and renewals. The concessions, which have been granted for periods of 30 years from those dates, envisage that GRICL will earn a designated return over the concession periods. In the event GRICL is unable to earn the designated return GRICL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index and to custom escalators. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without the default on the part of GRICL will entitle GRICL to the cost of the project and return thereon remaining to be recovered as on the date of transfer. At the end of the concession period, GRICL is required to hand back the carriageway to the grantor at a nominal consideration.
- b) The Delhi Noida Bridge Project (“DNBP”) concession arrangement has been entered into between the New Okhla Industrial Development Authority (NOIDA) and Noida Toll Bridge Company Limited (“NTBCL”). The construction activity was completed on 7 February 2001. Maintenance activities cover routine maintenance, overlays and renewals. The concession, which has been

granted for a period of 30 years from 7 February 2001, envisages that NTBCL will earn a designated return over the concession periods. In the event NTBCL is unable to earn the designated return, NTBCL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without default on the part of NTBCL will entitle NTBCL to the cost of the project and returns thereon remaining to be recovered as on the date of transfer. At the end of the concession period, NTBCL is required to hand back the carriageway to the grantor at a nominal consideration.

- c) Elsamex SA, its subsidiaries and joint ventures, (the “Elsamex Group”) have entered into Service Concession Arrangements (“SCA”) for construction and operation and maintenance of five gas stations in Spain and for the construction and operation and maintenance of a road project in Spain with the Government authorities. The periods for which the SCAs have been granted are as under:

<u>Project</u>	<u>Year of SCA</u>	<u>Status</u>	<u>Operations and Maintenance period</u>	<u>Extension of period</u>
Orihuela Gas Station	2001	Construction completed	29 years	At the discretion of granter
Villavidel Gas Station	2001	Construction completed	44 years	At the discretion of granter
Zamora Gas Station	2002	Construction completed	46 years	At the discretion of granter
Ponferrada Gas Station	2004	Construction completed	46 years	At the discretion of granter
Coiros Gas Station	2004	Construction completed	39 years	At the discretion of granter
A4 Road	2007	Construction completed	19 years	At the discretion of granter
Area de servicio Punta Umbria	2010	Construction completed	30 years	At the discretion of granter
Alcantarilla Fotovoltaica, S.L.U.	2010	Construction completed	25 years	At the discretion of granter

Maintenance activities for the gas stations and road project include routine operating and maintenance as well as periodic overhauling and refurbishment to maintain the stations to the defined standards. In consideration for performing its obligations under the SCA, Elsamex is entitled to compensation from the oil companies computed at a predefined proportion of the sale of products at the gas stations and in the form of a “shadow toll” based on the units of usage i.e. the number of vehicles using the road in respect of road project.

- d) The Beawar Gomti Road Project (“BGRP”) concession arrangement has been entered into between the President of India, represented by Special Secretary and Director General (Road Development), (“DORTH”) and ITNL Road Infrastructure Development Company Limited (“IRIDCL”). IRIDCL is required to design, build, finance and operate the BGRP for a period of 30 years commencing from the appointed date i.e. 28 October 2009, provided that in the event of four-laning not being undertaken for any reason in accordance with the provisions of concession agreement, the concession period shall be deemed to be 11 years including construction period of 455 days for 2- laning of the BGRP. Maintenance activities cover routine maintenance, overlays and renewals. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without the default on the part of IRDCL will entitle IRIDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, IRIDCL is required to hand back BGRP to the grantor without additional consideration.
- e) The Jetpur-Gondal-Rajkot Road Project (“JGRRP”) is a concession arrangement entered into between the National Highways Authority of India (“NHAI”) and West Gujarat Expressway Limited (“WGEL”). The concession has been granted to WGEL for a period of 20 years ending on 17 September 2025. The construction activity was completed on 17 March 2008. Maintenance activities cover routine maintenance, overlays and renewals. In consideration, WGEL will be entitled to collect toll/user charges from the users of JGRRP. The amount of toll recoverable from users is linked to the movements in the wholesale price index. Also on dates specified in the concession agreement, WGEL will be entitled to a “grant” by way of cash support from NHAI, but it also obligated to pay a “negative grant” by way of cash payment to NHAI. Premature termination before the said period of 20 years is not permitted except in the event of a force majeure. The concession does not provide for renewal options. At the end of the concession period, JGRRP is required to hand back the carriageway to the grantor without additional consideration.

- f) The Pune Sholapur Road Project (“PSRP”) concession arrangement has been entered into between NHAI and Pune Sholapur Road Development Company Limited (“PSRDCL”). PSRDCL is required to design, build, finance and operate the PSRP for a period of 20 years commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without the default on the part of PSRDCL will entitle PSRDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, PSRP is required to hand back the carriageway to the grantor without additional consideration.
- g) The Moradabad Bareilly Road Project (“MBRP”) is a concession arrangement entered into between NHAI and Moradabad Bareilly Expressway Limited (“MBEL”). MBEL is required to design, build, finance, operate and transfer the MBRP for a period of 25 years commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of MBEL will entitle MBEL to be eligible for compensation as per the concession. At the end of the concession period, MBRP is required to hand back the carriageway to the grantor without additional consideration.
- h) The Company has entered into a Concession Contract Agreement with Haryana Urban Development Authority (HUDA) on 9 December 2009 for development of Metro Rail Project from Delhi Metro Sikanderpur Station on MG Road, Gurgaon to NH-8 (‘the Project’). As per the terms of the Contract, the Company accepts the concession for a period of 99 years commencing from the effective date, to develop and operate the Project. The Company has not yet started any significant construction activity, therefore Intangible Asset covered under ‘Service Concession Arrangement’ have been carried at cost.
- i) The Narketpally Adanki Project (“NAP”) is a concession arrangement entered into between Andhra Pradesh Road Development Corporation and N. A. M. Expressway Limited (“NEL”). NEL is required to design, build, finance, operate and transfer the NAP for a period of 24 years commencing from the appointed date including construction period of 30 months. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of NEL will entitle NEL to be eligible for compensation as per the concession. At the end of the concession period, NAP is required to hand back the carriageway to the grantor without additional consideration.
- j) MP Border Checkpost Project (“MPBCP”) is a concession agreement granted by MP Road Development Corporation Limited (MPRDCL) for construction, operation and maintenance of the Border Checkposts at 24 locations in Madhya Pradesh to MP Border Checkpost Development Company Ltd (MPBCDCL) for a period of 4566 days commencing from the appointed date. As per the concession agreement, MPBCDCL has obligation to undertake the design, engineering, procurement, construction, operation and maintenance of the project.
- In Consideration, the company is entitled to collect service fees from the users in accordance with the concession agreement. At the end of the Concession period, the company will hand over the Infrastructure to MPRDCL.
- k) The Kiratpur Net Chowk Project (“KNCP”) is a concession arrangement entered into between National Highways Authority Limited and Kiratpur Net Chowk Expressway Limited (“KNCEL”). KNCEL is required to build, operate and transfer the KNCP for a period of 28 years commencing from the appointed date including construction period of 30 months. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of KNCEL will entitle KNCEL to be eligible for compensation as per the concession.
- l) The Chongqing Yuhe Expressway Project (“CYEP”) is a concession arrangement entered into between People’s Republic of China and Chongqing Yuhe Expressway Company Limited

(“Yuhe”). The government has granted the right to charge the users of Chongqing Yuhe Expressway for a period of 20 years to Yuhe. The Premature termination before the said period of concession is not permitted except in the event of a force majeure.

- m) The Sikar Bikaner Project (“SBP”) is a concession arrangement entered into between MORTH and Sikar Bikaner Highway Limited (“SBHL”). SBHL is required to build, operate and transfer the SBP for a period of 25 years including a construction period of three years from the appointed date. Maintenance activities cover routine maintenance, overlays and renewals. The government has granted the right to SBHL to collect a user fee from the users of road. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is not permitted except in the event of a force majeure.
 - n) The Kharagpur Baleshwar Project (“BKEL”) is a concession arrangement entered into between NHAI and Baleshwar Kharagpur Expressway Limited (“BKEL”). BKEL is required to construction new bridges / structure and repair of the existing four lane highway from Kharagpur to Baleshwar Section for a period of 24 years including a construction period of 2.5 from the appointed date. The government has granted the right to BKEL to collect a user fee from the users of road. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination is not permitted except in the event of a force majeure.
- (II) The following are annuity based service concession arrangements of the Group which have been classified as financial assets under “Receivables against service concession arrangements” in the financial statements in Note 19:
- a) The North Karnataka Expressway Project (“NKEP”) is a concession arrangement granted by National Highways Authority of India (“NHAI”) for a period of 17 years and 6 months from 20 June 2002 to North Karnataka Expressway Limited (“NKEL”). The construction activities were completed on 19 July 2004. Besides construction, NKEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, NKEL is entitled to a defined annuity. At the end of the concession period NKEP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
 - b) The Hyderabad Outer Ring Road (“HORR”) is a concession arrangement granted by Hyderabad Urban Development Authority (“HUDA”) for a period of 16 years including construction period of 3 years from 31 August 2007 to East Hyderabad Expressway Limited (“EHEL”). Besides construction, EHEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, EHEL is entitled to a defined annuity. At the end of the concession period HORR is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
 - c) The Hazaribagh Ranchi Road Project (“HRRP”) is a concession arrangement granted by the “NHAI” for a period of 18 years including construction period of 910 days from 8 October 2009 to Hazaribagh Ranchi Expressway Limited (“HREL”). Besides construction, HREL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration HREL is entitled to a defined annuity. At the end of the concession period HRRP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.
 - d) As per the concession agreements dated 23 September 2009 in respect of the Ranchi Ring Road Project (“RRRP”) and on 14 October 2009 in respect of the Ranchi—Patratu Dam Road Project (“RPDRP”) and Patratu Dam- Ramgarh Road Project (“PDRRP”) with the Govt. of Jharkhand (“GOJ”) and Jharkhand Accelerated Road Development Company Limited (“JARDCL”), Jharkhand Road Project Implementation Company Limited (“JRPICL”) is required to develop, design, finance, procure, engineering, construct, operate and maintain the RRRP, RPDRP and PDRRP for a period of 17 years and six months from commencement date. Besides construction, JRPICL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, JRPICL is entitled to a

defined annuity. At the end of the concession period RRRP, RPDRP and PDRRP are required to be handed over in the stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangements do not provide for renewal options.

- e) The Chenani Nashri Tunnel Project (“CNTP”) is a concession arrangement granted by the “NHAI” for a period of 20 years including construction period of 1825 days to Chenani Nashri Tunnelway Limited (“CNTL”). Besides construction, CNTL’s obligations include routine maintenance of the projects and if required, modify, repair, improvements to the project highway to comply with specification and standards. In consideration CNTL is entitled to a defined annuity. At the end of the concession period CNTP is required to be handed over in a stipulated condition to the grantor. The concession arrangement does not provide for renewal options.
- f) The Jorabat Shillong Project (“JSP”) is a concession arrangement granted by the “NHAI” for a period of 20 years including construction period of three years from appointed date to Jorabat Shillong Expressway Limited (“JSEL”). Besides construction, JSEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration JSEL is entitled to a defined annuity. At the end of the concession period JSEL is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options.

Note No. 38 Segment Reporting

	Surface Transportation Business		Others		Total	
	For year ended 31 March 2013	For year ended 31 March 2012	For year ended 31 March 2013	For year ended 31 March 2012	For year ended 31 March 2013	For year ended 31 March 2012
	₹ in million					
Revenue						
External	64,968.25	54,418.84	1,480.13	1,637.37	66,448.38	56,056.21
Inter-Segment	—	—	—	—	—	—
Segment Revenue	64,968.25	54,418.84	1,480.13	1,637.37	66,448.38	56,056.21
Segment expenses	47,058.80	40,245.14	1,244.64	1,478.82	48,303.44	41,723.96
Segment results	17,909.5	14,173.70	235.49	158.55	18,144.94	14,332.25
Unallocated income (excluding interest income)					359.48	307.12
Unallocated expenditure					710.30	442.28
Finance cost					11,190.10	7,282.07
Interest Income unallocated					1,080.24	930.95
Tax expense (net)					2,274.02	2,457.21
Share of profit / (loss) of Associates (net)					46.82	38.53
Share of profit transferred to minority interest (net)					254.94	457.71
Profit for the year					5,202.11	4,969.58
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	₹ in million					
Segment assets	194,183.85	135,636.94	1,682.89	1,989.55	195,866.74	137,626.49
Unallocated Assets (Refer footnote 1)					10,035.82	14,853.33
Total assets					205,902.56	152,479.82
Segment liabilities	14,087.69	13,269.55	981.21	1,303.28	15,068.90	14,572.83
Unallocated Liabilities (Refer footnote 2)					154,435.52	110,269.09
Total liabilities					169,504.42	124,841.92

	For year ended 31 March 2013	For year ended 31 March 2012	For year ended 31 March 2013	For year ended 31 March 2012	For year ended 31 March 2013	For year ended 31 March 2012
			₹ in million			
Capital Expenditure for the year . . .	33,186.68	20,355.66	—	—	33,186.68	20,355.66
Depreciation and amortisation expense	905.72	717.25	38.34	48.27	944.06	765.52
Non cash expenditure other than depreciation for the year	—	—	—	—	307.94	447.34

(II) Secondary—Geographical Segments:

Particulars	India	Outside India	India	Outside India
	2012-13	2012-13	2011-12	2011-12
	₹ in million			
Revenue—External	55,231.39	11,216.99	48,112.63	7,943.58
Segment Assets	169,688.35	26,178.39	113,289.26	24,337.22
Capital Expenditure	32,246.27	940.41	19,566.64	789.02

Footnote:

- 1) Unallocated assets include investments, advance towards share application money, loans given, interest accrued, option premium, deferred tax assets, advance payment of taxes (net of provision), unpaid dividend accounts and fixed deposits placed for a period exceeding 3 months, etc.
- 2) Unallocated liabilities include borrowings, interest accrued but not due on borrowings, deferred tax liabilities (net), provision for tax (net), unpaid dividends, minority interest etc.

39. Related Party Disclosures

(a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries (Only with whom there have been transaction during the year / there was balance outstanding at the year end)	IL&FS Financial Services Limited	IFIN
	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Investment Managers Limited	IIML
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Airport Limited.	IAL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	IMICL Dighi Maritime Limited	IDML
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited (<i>formerly known as MPPL Enterprises Limited</i>)	ITUAL
	IL&FS Trust Company Limited	ITCL
	Jharkhand Accelerated Road Development Company Limited	JARDCL
	IL&FS Global Financial Services (ME) Limited	IGFSL(ME)
IL&FS Global Financial Services (UK) Limited	IGFSL(UK)	
IL&FS Global Financial Services Pte Limited	IGFSPL	
Associates	Andhra Pradesh Expressway Limited (also a fellow subsidiary)	APEL
	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
	Centro De Investigacion De Carreteras De Andalucia S.A.	CICAN
	CGI-8, S.A.	CGI-8
	Labtec Ensayos Tecnicos Canarios S.A.	LABTEC
	Empresas Pame SA DECV	EPSD
	Elsamex Road Technology Company Limited	ERTC
	Ramky Elsamex Hyderabad Ring Road	REHRR
Sociedad Concesionaria Autovia A-4 Madrid S.A.	A4 CONCESSION	
Key Management Personnel	Mr K Ramchand-Managing Director and relatives	
	Mr Mukund Sapre-Executive Director and relatives	

(b) Current year balances / transactions with above mentioned related parties (mentioned in note 39 (a) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
<u>Balances:</u>					
Investment in Preference Shares					
APEL	—	—	2,200.00	—	2,200.00
	—	—	2,200.00	—	2,200.00
Trade Payables					
ILFS	74.55	—	—	—	74.55
IFIN	—	34.39	—	—	34.39
IETS	—	23.63	—	—	23.63
OTHERS	—	11.62	14.95	—	26.57
	74.55	69.63	14.95	—	159.12
Trade Receivables					
REHRR	—	—	90.20	—	90.20
TRDCL	—	—	157.60	—	157.60
WCBTRL	—	—	227.60	—	227.60
OTHERS	—	0.51	30.90	—	31.41
	—	0.51	506.31	—	506.81
Other Current Liabilities					
ILFS	0.04	—	—	—	0.04
IFIN	—	305.75	—	—	305.75
OTHERS	—	17.61	—	—	17.61
	0.04	323.36	—	—	323.40
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	1,693.00	—	—	—	1,693.00
Borrowings					
ILFS	115.95	—	—	—	115.95
ITUAL	—	217.50	—	—	217.50
	115.95	217.50	—	—	333.45
Interest accrued but not due on borrowings					
ITUAL	—	24.78	—	—	24.78
	—	24.78	—	—	24.78
Current liabilities					
ILFS	28.73	—	—	—	28.73
	28.73	—	—	—	28.73
Long-term borrowings					
ILFS	341.09	—	—	—	341.09
	341.09	—	—	—	341.09
Non Convertible Debentures					
ILFS	252.00	—	—	—	252.00
	252.00	—	—	—	252.00
Advance towards capital in a subsidiary					
ILFS	150.00	—	—	—	150.00
	150.00	—	—	—	150.00
Retention Money Payable					
IEISL	—	0.09	—	—	0.09
	—	0.09	—	—	0.09

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
Call Option Premium					
ILFS (net of provision of Rs.163.28 million)	36.67	—	—	—	36.67
	36.67	—	—	—	36.67
Mobilisation Advance paid					
ITUAL	—	176.74	—	—	176.74
	—	176.74	—	—	176.74
Redemption premium accrued but not due					
IFIN	347.15	—	—	—	347.15
	347.15	—	—	—	347.15
Long Term Loan and Advances					
TRDCL	—	—	343.60	—	343.60
A4 CONCESSION	—	—	601.30	—	601.30
	—	—	944.90	—	944.90
Short Term Loan and Advances					
TRDCL	—	—	416.00	—	416.00
CHDCL	—	3.00	—	—	3.00
	—	3.00	416.00	—	419.00
Other Loan and Advances					
ILFS	0.04	—	—	—	0.04
IAL	—	18.36	—	—	18.36
APEL	—	—	9.70	—	9.70
OTHERS	—	3.12	0.53	—	3.65
	0.04	21.48	10.24	—	31.75
Interest accrued—Assets					
TRDCL	—	—	79.55	—	79.55
CHDCL	—	0.65	—	—	0.65
	—	0.65	79.55	—	80.20
Interest Accrued and due on loans given					
TRDCL	—	—	40.90	—	40.90
OTHERS	—	0.02	—	—	0.02
	—	0.02	40.90	—	40.92
Transactions					
Operating expenses					
ILFS	14.50	—	—	—	14.50
IIDCL	—	48.32	—	—	48.32
OTHERS	—	2.56	—	—	2.56
	14.50	50.88	—	—	65.38
Dividend paid					
ILFS	540.24	—	—	—	540.24
OTHERS	—	9.76	—	—	9.76
	540.24	9.76	—	—	550.00
Lendings					
APEL	—	—	897.44	—	897.44
TRDCL	—	—	422.80	—	422.80
	—	—	1,320.24	—	1,320.24
Repayment of Lendings					
APEL	—	—	2,123.04 [#]	—	2,123.04
OTHERS	—	70.00	84.00	—	154.00
	—	70.00	2,207.04	—	2,277.04

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
Other Income					
ILFS	119.11	—	—	—	119.11
APEL	—	—	124.49	—	124.49
TRDCL	—	—	86.01	—	86.01
OTHERS	—	10.23	2.14	—	12.36
	119.11	10.23	212.64	—	341.98
Revenue from Operations					
IMICL	—	70.00	—	—	70.00
APEL	—	—	99.20	—	99.20
TRDCL	—	—	39.02	—	39.02
OTHERS	—	—	4.83	—	4.83
	—	70.00	143.05	—	213.05
Administrative and general expenses					
ILFS	385.05	—	—	—	385.05
ITUAL	—	235.19	—	—	235.19
OTHERS	—	108.26	13.78	—	122.04
	385.05	343.45	13.78	—	742.28
Repayment of Borrowings					
ILFS	3,255.28	—	—	—	3,255.28
ISSL	—	2,250.00	—	—	2,250.00
IFIN	—	500.00	—	—	500.00
	3,255.28	2,750.00	—	—	6,005.28
Intangible assets under development					
ILFS	44.81	—	—	—	44.81
IFIN	—	168.54	—	—	168.54
OTHERS	—	8.05	—	—	8.05
	44.81	176.59	—	—	221.40
Finance charges					
ILFS	4.07	—	—	—	4.07
IFIN	—	236.00	—	—	236.00
OTHERS	—	11.10	—	—	11.10
	4.07	247.10	—	—	251.17
Borrowings.					
ILFS	3,000.00	—	—	—	3,000.00
ISSL	—	2,250.00	—	—	2,250.00
OTHERS	—	717.50	—	—	717.50
	3,000.00	2,967.50	—	—	5,967.50
Inter corporate deposit received					
ITUAL	—	50.00	—	—	50.00
	—	50.00	—	—	50.00
Inter corporate deposit repaid					
ITUAL	—	50.00	—	—	50.00
	—	50.00	—	—	50.00
Inter-corporate deposits—matured					
ILFS	5,687.51	—	—	—	5,687.51
IFIN	—	185.20	—	—	185.20
	5,687.51	185.20	—	—	5,872.71

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
Inter-corporate deposits—placed					
ILFS	5,014.20	—	—	—	5,014.20
IFIN	—	185.20	—	—	185.20
	5,014.20	185.20	—	—	5,199.40
Interest on Borrowings					
ILFS	233.50	—	—	—	233.50
ISSL	—	106.03	—	—	106.03
OTHERS	—	41.22	—	—	41.22
	233.50	147.25	—	—	380.74
Redemption of Non convertible Debentures.					
ILFS	36.00	—	—	—	36.00
	36.00	—	—	—	36.00
Mobilisation Advance paid.					
ITUAL	—	200.00	—	—	200.00
	—	200.00	—	—	200.00
Mobilisation Advance recovered					
ITUAL	—	23.26	—	—	23.26
	—	23.26	—	—	23.26
Director Remuneration					
Mr. K Ramchand	—	—	—	64.17	64.17
Mr. Mukund Sapre	—	—	—	35.28	35.28
	—	—	—	99.46	99.46

Company's investment in 7,864,000 Optionally Convertible Debentures (Face value ₹ 100 each) amounting ₹ 786.40 million issued by Andhra Pradesh Expressway Limited ("APEL") and loans given to APEL of ₹ 1,262.04 million and interest accrued ₹ 151.56 million were converted into 220,000,000 Non-Convertible Non-Cumulative Redeemable preference shares (Face value ₹ 10 each) aggregating to ₹ 2,200.00 million.

Previous year

(a)(i) Name of the Related Parties and Description of Relationship:

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Acronym used</u>
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries (Only with whom there have been transaction during the year / there was balance outstanding at the year end)	IL&FS Financial Services Limited	IFIN
	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Investment Managers Limited	IIML
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	IMICL Dighi Maritime Limited	IDML
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Global Financial Services (ME) Limited	IGFSML
	IL&FS Global Financial Services Pte Limited	IGFSPL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited (formerly known as MPPL Enterprises Limited)	ITUAL
	IL&FS Trust Company Limited	ITCL
	Jharkhand Accelerated Road Development Company Limited	JARDCL
Associates	Andhra Pradesh Expressway Limited	APEL
	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
	Centro De Investigacion De Carreteras De Andalucia S.A.	CICAN
	CGI-8, S.A.	CGI-8
	Labtec Ensayos Tecnicos Canarios S.A.	LABTEC
	Empresas Pame SA DECV (from 28 April 2010)	EPSD
	Elsamex Road Technology Company Limited	ERTC
	Ramky Elsamex Hyderabad Ring Road	REHRR
	Sociedad Concesionaria Autovia A-4 Madrid S.A.	A4 CONCESSION
	Alcantarilla Fotovolcaica SA	AFSA
	Zheisiang Elsamex Road Tech Company	Zheisiang Elsamex
	Yala Construction Company Limited-Thailand	Thailand
	VCS Enterprises Limited	VCSEL
Key Management Personnel	Mr K Ramchand-Managing Director and relatives	
	Mr Mukund Sapre-Executive Director and relatives	

(b)(i) Transactions/ balances with above mentioned related parties (mentioned in note 39 (a) (i) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
<u>Transactions</u>					
Inter-corporate deposits—matured					
ILFS	6,203.19	—	—	—	6,203.19
	6,203.19	—	—	—	6,203.19
Inter-corporate deposits—placed					
ILFS	6,606.49	—	—	—	6,606.49
	6,606.49	—	—	—	6,606.49
Operating expenses					
ILFS	0.58	—	—	—	0.58
IEISL	—	11.87	—	—	11.87
	0.58	11.87	—	—	12.45
Lendings					
APEL	—	—	791.00	—	791.00
TRDCL	—	—	165.00	—	165.00
OTHERS	—	73.00	—	—	73.00
	—	73.00	956.00	—	1,029.00
Brokerage (Debited to Investment Cost)					
IFIN	—	473.20	—	—	473.20
	—	473.20	—	—	473.20
Repayment of Lendings					
APEL	—	—	651.00	—	651.00
	—	—	651.00	—	651.00
Other Income					
ILFS	57.29	—	—	—	57.29
APEL	—	—	230.49	—	230.49
OTHERS	—	1.73	61.99	—	63.72
	57.29	1.73	292.48	—	351.50
Revenue from Operations					
IFIN	—	390.00	—	—	390.00
WCBTRL	—	—	371.71	—	371.71
APEL	—	—	116.42	—	116.42
OTHERS	—	0.14	26.06	—	26.20
	—	390.14	514.19	—	904.33
Administrative and general expenses					
ILFS	302.09	—	—	—	302.09
IETS	—	43.59	—	—	43.59
OTHERS	—	26.88	17.44	2.75	47.07
	302.09	70.47	17.44	2.75	392.75
Investment made / purchased					
ILFS	1,187.50	—	—	—	1,187.50
WCBTRL	—	—	616.91	—	616.91
OTHERS	—	0.00	—	—	0.00
	1,187.50	0.00	616.91	—	1,804.41
Borrowings					
ILFS	800.00	—	—	—	800.00
	800.00	—	—	—	800.00

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
Repayment of Borrowings					
ILFS	903.89	—	—	—	903.89
ISSL	—	1,000.00	—	—	1,000.00
	903.89	1,000.00	—	—	1,903.89
Interest on Loans (Expense)					
ILFS	182.67	—	—	—	182.67
OTHERS	—	4.27	—	—	4.27
	182.67	4.27	—	—	186.94
Finance charges					
ILFS	3.43	—	—	—	3.43
IFIN	—	62.51	—	—	62.51
ITCL	—	49.65	—	—	49.65
ITUAL	—	55.15	—	—	55.15
IGFSML	—	37.76	—	—	37.76
OTHERS	—	15.72	—	—	15.72
	3.43	220.79	—	—	224.22
Intangible assets under development					
ILFS	35.01	—	—	—	35.01
IFIN	—	125.63	—	—	125.63
OTHERS	—	12.92	—	—	12.92
	35.01	138.55	—	—	173.56
Redemption of Non convertible Debentures					
ILFS	36.00	—	—	—	36.00
	36.00	—	—	—	36.00
Guarantee comission					
ILFS	15.29	—	—	—	15.29
	15.29	—	—	—	15.29
Dividend paid					
ILFS	472.74	—	—	—	472.74
	472.74	—	—	—	472.74
Director Remuneration					
Mr. K Ramchand	—	—	—	53.08	53.08
Mr. Mukund Sapre	—	—	—	28.77	28.77
	—	—	—	81.85	81.85
Balances:					
Advance towards capital in a subsidiary					
ILFS	150.00	—	—	—	150.00
	150.00	—	—	—	150.00
Interest accrued—asset					
ILFS	21.11	—	—	—	21.11
APEL	—	—	312.38	—	312.38
TRDCL	—	—	43.06	—	43.06
OTHERS	—	1.56	1.97	—	3.53
	21.11	1.56	357.41	—	380.08
Inter-corporate deposits placed					
ILFS	673.30	—	—	—	673.30
	673.30	—	—	—	673.30

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
			₹ in million		
Investment in Debentures					
APEL	—	—	786.40	—	786.40
	<u>—</u>	<u>—</u>	<u>786.40</u>	<u>—</u>	<u>786.40</u>
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	<u>1,693.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,693.00</u>
Short-term Loan and Advances receivable					
APEL	—	—	751.00	—	751.00
TRDCL	—	—	215.00	—	215.00
OTHERS	—	73.00	34.00	—	107.00
	<u>—</u>	<u>73.00</u>	<u>1,000.00</u>	<u>—</u>	<u>1,073.00</u>
Long-term Loan and Advances receivable					
APEL	—	—	474.60	—	474.60
A4 CONCESSION	—	—	373.87	—	373.87
TRDCL	—	—	171.80	—	171.80
OTHERS	—	—	217.02	—	217.02
	<u>—</u>	<u>—</u>	<u>1,237.29</u>	<u>—</u>	<u>1,237.29</u>
Advances Recoverable					
APEL	—	—	1.63	—	1.63
A4 CONCESSION	—	1.94	—	—	1.94
Zheisiang Elsamex	—	12.14	—	—	12.14
OTHERS	—	0.20	—	—	0.20
	<u>—</u>	<u>14.28</u>	<u>1.63</u>	<u>—</u>	<u>15.91</u>
Trade Payables					
ILFS	62.57	—	—	—	62.57
IFIN	—	476.08	—	—	476.08
OTHERS	—	128.48	13.19	—	141.67
	<u>62.57</u>	<u>604.56</u>	<u>13.19</u>	<u>—</u>	<u>680.32</u>
Trade Receivables					
ILFS	16.42	—	—	—	16.42
IFIN	—	387.15	—	—	387.15
A4 CONCESSION	—	—	613.86	—	613.86
WCBTRL	—	—	599.00	—	599.00
OTHERS	—	0.26	348.18	—	348.44
	<u>16.42</u>	<u>387.41</u>	<u>1,561.04</u>	<u>—</u>	<u>1,964.87</u>
Call Option Premium					
ILFS (net of provision of ₹ 163.28 million)	36.67	—	—	—	36.67
	<u>36.67</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36.67</u>
Borrowings					
ILFS	1,020.82	—	—	—	1,020.82
	<u>1,020.82</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,020.82</u>
Redemption premium accrued but not due on borrowings					
ILFS	291.02	—	—	—	291.02
	<u>291.02</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>291.02</u>
Current liabilities					
ILFS	28.73	—	—	—	28.73
	<u>28.73</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28.73</u>

Note No.: 40 Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to subsidiaries

Sr.No.	Name of Subsidiary	Reporting Currency	Country of incorporation	Exchange Rate as at 31 March 2013	Capital	Reserve and Surplus	Total Assets	Total Liabilities (Other than shareholder's funds)	Investments other than investment in subsidiary	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
₹ in million														
1	Gujarat Road and Infrastructure Company Limited	INR	India	1.00	1,265.43	2,177.00	6,989.41	3,546.98	—	1,066.66	528.22	203.11	325.11	—
2	East Hyderabad Expressway Limited	INR	India	1.00	293.10	299.31	4,068.34	3,475.93	—	394.16	(67.09)	(38.53)	(28.56)	—
3	ITNL Road Infrastructure Development Company Limited	INR	India	1.00	520.00	(292.04)	4,805.53	4,577.57	0.02	1,523.87	(292.28)	(0.08)	(292.20)	—
4	IL&FS Rail Limited (Formerly known as ITNL Enso Rail Systems Limited)	INR	India	1.00	2,088.00	167.08	2,635.54	380.46	—	2,054.79	225.66	76.99	148.68	—
5	Vansh Nimay Infraprojects Limited	INR	India	1.00	158.90	(823.29)	231.72	896.11	—	481.16	(224.90)	—	(224.90)	—
6	Scheme of ITNL Road Investment Trust	INR	India	1.00	1,083.56	8.37	1,092.20	0.26	—	—	136.01	—	136.01	—
7	West Gujarat Expressway Limited	INR	India	1.00	400.00	(146.72)	2,616.55	2,363.27	—	456.90	(123.45)	—	(123.45)	—
8	Hazaribagh Ranchi Expressway Limited	INR	India	1.00	0.50	169.27	11,079.44	10,909.67	—	2,702.61	(130.46)	(98.16)	(32.30)	—
9	Pune Sholapur Road Development Company Limited	INR	India	1.00	1,600.00	2,951.48	14,079.79	9,528.32	—	5,976.54	539.02	(84.33)	623.35	—
10	Moradabad Bareilly Expressway Limited	INR	India	1.00	2,216.60	5,057.70	19,719.23	12,444.93	—	5,852.40	712.84	(19.44)	732.28	—
11	Jharkhand Road Projects Implementation Company Limited	INR	India	1.00	2,451.73	623.90	23,164.82	20,089.20	—	5,877.64	(114.13)	(36.83)	(77.30)	—
12	Chenani Nashri Tunnelway Limited	INR	India	1.00	3,720.00	1,037.15	22,824.82	18,067.67	—	8,997.78	699.16	172.02	527.14	—
13	Badarpur Tollway Operations Management Limited	INR	India	1.00	0.50	4.54	17.88	12.84	—	72.59	3.07	0.92	2.15	—
14	MP Border Checkpost Development Company Limited	INR	India	1.00	959.68	450.23	9,050.93	7,641.01	—	2,481.85	221.52	75.59	145.93	—
15	North Karnataka Expressway Limited	INR	India	1.00	593.91	1,483.35	5,721.63	3,644.37	—	531.07	187.16	45.90	141.26	59.39
16	Rapid MetroRail Gurgaon Limited	INR	India	1.00	2,846.84	613.98	10,798.57	7,337.75	—	4,296.79	456.06	178.33	277.74	—
17	ITNL International Pte. Limited	USD	Singapore	54.39	1,753.10	(938.41)	11,137.82	10,323.13	4.09	48.68	(641.40)	27.70	(669.10)	—
18	ITNL Offshore Pte. Limited	USD	Singapore	54.39	2.61	(24.52)	5,638.23	5,660.14	—	—	7.54	3.49	4.04	—
19	ITNL International JLT	AED	UAE	14.79	80.09	(21.38)	62.39	3.67	—	—	(22.73)	—	(22.73)	—
20	ITNL Africa Projects Ltd	NGN	Nigeria	0.34	168.80	(9.73)	210.66	51.59	—	—	(10.08)	—	(10.08)	—
21	Rapid MetroRail Gurgaon South Limited	INR	India	1.00	0.50	(0.35)	1,521.94	1,521.79	—	1,214.57	(0.35)	0.00	(0.35)	—
22	Baleshwar Kharagpur Expressway Limited	INR	India	1.00	558.40	106.33	1,785.36	1,120.63	—	1,256.49	106.33	—	106.33	—
23	Sikar Bikaner Highway Limited	INR	India	1.00	988.00	143.05	2,199.33	1,068.28	—	1,689.01	143.05	—	143.05	—
24	Kiratpur Ner Chowk Expressway Limited	INR	India	1.00	285.00	(4.71)	1,325.08	1,044.79	—	700.20	(3.34)	—	(3.34)	—
25	Karyavattom Sports Facilities Limited	INR	India	1.00	150.50	5.46	581.54	425.58	—	344.45	5.70	—	5.70	—

Sr.No.	Name of Subsidiary	Reporting Currency	Country of incorporation	Exchange Rate as at 31 March 2013	Capital	Reserve and Surplus	Total Assets	Total Liabilities (Other than shareholder's funds)	Investments other than investment in subsidiary	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
26	Futureage Infrastructure India Limited (Formerly known as Global Parking Plaza Limited)	INR	India	1.00	49.00	(5.22)	63.19	19.41	—	4.20	(0.89)	—	(0.89)	—
27	Charminar RoboPark Limited	INR	India	1.00	56.49	(3.03)	89.64	36.18	—	82.35	(1.97)	—	(1.97)	—
28	Elsamex SA	Euro	Spain	69.54	1,409.28	2,237.23	10,310.88	6,664.38	208.19	4,878.12	211.01	71.63	139.38	—
29	Atenea Seguridad y Medio Ambiente S.A.	Euro	Spain	69.54	9.05	74.65	484.24	400.54	—	269.34	34.69	11.08	23.61	—
30	Senalizacion Viales e Imagen S.A.U. (SEVIMAGEN) S.A.U.	Euro	Spain	69.54	47.85	(299.57)	449.73	701.45	—	43.10	(95.37)	(31.39)	(63.98)	—
31	Elsamex Internacional SRL	Euro	Spain	69.54	995.21	(397.80)	2,241.06	1,643.65	—	457.97	(71.58)	(26.86)	(44.72)	—
32	Grusamar Ingenieria y Consulting SRL	Euro	Spain	69.54	243.05	23.38	844.16	577.73	1.50	609.08	15.79	(6.75)	22.54	—
33	Elsamex Portugal Engenharia e SG SA	Euro	Portugal	69.54	24.34	54.07	183.17	104.75	5.18	155.72	1.22	0.78	0.44	—
34	Inteval Gestao Integral Rodoviaria, S.A.	Euro	Portugal	69.54	52.16	96.75	367.29	218.38	—	922.11	102.91	28.72	74.20	—
35	Elsamex India Private Limited	INR	India	1.00	21.18	33.81	141.10	86.11	—	316.25	47.31	12.75	34.55	—
36	Yala Construction Co Private Limited	INR	India	1.00	63.19	28.16	114.68	23.32	—	81.87	5.89	1.55	4.35	—
37	Mantenimiento and Conservacion Vialidades SA (MANCOVI) Mexico Construction	pesos mejicanos	Mexico	4.41	42.11	29.98	104.51	32.41	—	450.13	13.38	3.20	10.17	—
38	ESM Mantenimiento Integral de SA de CV	pesos mejicanos	Mexico	4.41	24.47	2.39	28.54	1.68	—	27.53	2.46	0.74	1.71	—
39	CISEM-INTEVIA, S.A. (formerly Instiuto Tecnico De La Vialidad Y Del Transporte, S.A.)	Euro	Spain	69.54	4.17	40.23	741.05	696.65	2.23	201.30	(6.66)	(13.50)	6.84	—
40	Control 7, S.A	Euro	Spain	69.54	38.28	60.11	340.33	241.93	—	175.95	13.77	(11.81)	25.58	—
41	Grusamar Albania SHPK	Euro	Albania	69.54	0.06	(2.69)	4.07	6.70	—	—	(0.61)	—	(0.61)	—
42	Area De Servicio Coiros S.L.	Euro	Spain	69.54	69.75	138.80	396.75	188.20	—	36.08	(6.56)	(1.97)	(4.59)	—
43	Conservacion De Infraestructuras De Mexico S.A. De C.V.	pesos mejicanos	Mexico	4.41	0.22	(0.13)	0.27	0.18	—	—	(0.03)	—	(0.03)	—
44	Alcantarilla Fotovoltaica, S.L.U.	Euro	Spain	69.54	2.97	18.00	392.81	371.85	—	37.29	(12.91)	(4.06)	(8.85)	—
45	Area De Servicio Punta Umbria, S.L.U.	Euro	Spain	69.54	5.76	29.82	182.64	147.07	—	14.86	3.91	1.13	2.77	—
46	Beasolarta S.A.U	Euro	Spain	69.54	2.85	(0.87)	148.87	146.88	—	0.32	(0.76)	—	(0.76)	—
47	Elsamex Brazil LTDA	Euro	Portugal	69.54	26.94	(27.96)	—	1.02	—	—	(0.60)	—	(0.60)	—

(41) Previous year's figures have been regrouped / rearranged whenever necessary to conform to the classification of the current year.

For and on behalf of the Board

Managing Director

Director

Chief Financial Officer
Bengaluru, 7 May 2013

Company Secretary

**INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS¹
TO THE BOARD OF DIRECTORS OF
IL&FS TRANSPORTATION NETWORKS LIMITED**

Introduction

1. We have reviewed the accompanying Interim Condensed Consolidated Financial Statements of **IL&FS TRANSPORTATION NETWORKS LIMITED** ("the Company"), its subsidiaries and jointly controlled entities / operations (the Company, its subsidiaries and jointly controlled entities / operations constitute "the Group") and its share of the profit/(loss) of its associates for the nine months ended 31 December 2014, which comprise the Condensed Consolidated Balance Sheet as at 31 December 2014, the Condensed Consolidated Statement of Profit and Loss, the Condensed Consolidated Cash Flow Statement for nine months ended 31 December 2014 and select explanatory notes forming part thereof ("Interim Condensed Consolidated Financial Statements").
2. The Company's Management is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of Interim Condensed Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review and based on the consideration of reports of the other auditors on the interim financial information of the subsidiaries, jointly controlled entities and associates referred in paragraph 9 and unaudited financial information of one associate referred in 10 below, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the requirements of Accounting Standards (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.

Emphasis of Matter

5. We draw attention to point no. 12 and 13 of Note 1 to the interim condensed consolidated financial statements, wherein significant elements of the interim condensed consolidated financial statements have been determined based on management estimates (which in turn are based on technical evaluations by independent experts). These include:
 - i. Intangible Assets and Intangible Assets under Development covered under Service Concession Arrangements aggregating to carrying value of Rs. 155,616.42 million (50.30% of the total assets), the useful lives and the annual amortisation thereof;
 - ii. Provision for Overlay carried at Rs. 496.04 million in respect of intangible assets covered under service concession arrangements; and
 - iii. Financial Assets covered under Service Concession Arrangements, included as a part of Receivables against Service Concession Arrangements, carried at Rs. 87,304.02 million (28.22% of the total assets)

¹ **HSF Note:** This report is in draft form. We expect the final signed version some time next week.

and revenue recognised thereon based on the effective interest method which in turn is based on evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof.

6. We also draw attention to the Point 15 of Note 1 to the interim condensed consolidated financial statements, wherein it has been stated that during the nine months ended 31 December 2014, an Associate Company has received formal communication from the Corporate Debt Restructuring (CDR) Empowered Group with respect to it having formally exited from the CDR system. Consequent to the subsidiary's exit from the CDR on 20 May 2014, the below mentioned items are subject to discussions :
 - i. Settlement of the Advance towards Capital / Debt included as Minority Interest; and
 - ii. Recompense, if any of the amount of sacrifices made by the Deep Discount Bond holders and the Non-Convertible Debenture Holders.

In the view of the Management of the Associate Company, amounts payable, if any, for the aforesaid items is currently unascertainable and accordingly, no liability/charge has been created in its interim condensed financial statements. The Associate Company intends to finalise the foregoing during the current financial year ending 31 March 2015.

7. We also draw attention to point 18 of Note 1 to the interim condensed consolidated financial statements, regarding an amount of Rs.2,609 million included in the Income from Operations for the nine months ended 31 December 2014 on account of aggregate compensation claimed by the Company from two Special Purpose Vehicles ("SPVs") and by the two SPV's on the Concession Granting Authorities ("CGA"), for the incremental work and related claims arising from delays due to handing over of the land for project execution. The compensation is based on the provisions in the Service Concession Agreements and is supported by the Extension of Time granted by the Independent Engineers. The SPVs have been legally advised that they are contractually entitled to such claims under the Service Concession Agreements.
8. One of the subsidiary company auditors has expressed an emphasis of matter in respect of the matter explained in point 19 of Note 1 to the interim condensed consolidated financial statements, drawing attention to the impact on account of additional works / revised project specification, which have been determined based on the management estimates and / or technical evaluation by independent experts.

Our conclusion is not qualified in respect of these matters.

Other Matters

9. We did not review the interim condensed financial statements / information of:
 - a. Forty six subsidiaries whose financial statements / information reflect total assets of Rs.192,974.07 million as at 31 December 2014, total revenues of Rs.18,665.02 million and net cash inflows amounting to Rs.919.03 million for the nine months ended on that date, as considered in the interim condensed consolidated financial statements.
 - b. Seven jointly controlled entities which reflects the Group's share of total assets of Rs.35,020.88 million as at 31 December 2014, in total revenues is Rs.3,082.11 million and in net cash outflows is Rs.511.41 million for the nine months ended on that date, as considered in the interim condensed consolidated financial statements.
 - c. Eleven associates in which the Group's share of Profit of Rs. 9.36 million for the nine months ended on that date, as considered in the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of these Sixty Four entities have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the interim condensed consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

10. The interim condensed consolidated financial statements include the Group's share in the profit of one associate of Rs.16.41 million (carrying value of Rs.1,302.25 million) based on the unaudited financial information as at / for the nine months ended 31 December 2014 prepared by the Management, which was not subjected to review. This interim financial information have been certified by the Management of the entity and, our conclusion on the interim condensed consolidated financial statements, in so far as it relates to amounts included in respect of this entity, is based solely on such certified interim financial information. Any adjustment to these interim financial information could have consequential effects on the interim condensed consolidated financial statements. However, the size of the entity in the context of the Group is not material.

Our conclusion is not qualified 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, 13 February 2015
KJM/NDU

IL&FS TRANSPORTATION NETWORKS LIMITED

**UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT
31 DECEMBER 2014**

<u>Particulars</u>	<u>Unaudited</u>		<u>Audited</u>	
	<u>As at 31 December 2014</u>		<u>As at 31 March 2014</u>	
	₹ in million			
I EQUITY AND LIABILITIES				
1 SHAREHOLDERS' FUNDS				
(a) Share capital	6,231.70		5,707.18	
(b) Reserves and surplus	<u>52,220.36</u>	58,452.06	<u>44,331.07</u>	50,038.25
2 MINORITY INTEREST		2,896.67		4,587.50
3 NON-CURRENT LIABILITIES				
(a) Long-term borrowings	179,674.08		162,667.59	
(b) Deferred tax liabilities (net)	1,129.02		1,990.36	
(c) Other long term liabilities	4,379.35		5,023.24	
(d) Long-term provisions	<u>609.39</u>	185,791.84	<u>526.58</u>	170,207.77
4 CURRENT LIABILITIES				
(a) Current maturities of long-term debt	23,183.50		15,235.79	
(b) Short-term borrowings	19,659.47		10,261.91	
(c) Trade payables	12,944.06		15,273.95	
(d) Other current liabilities	5,000.67		3,276.23	
(e) Short-term provisions	<u>1,456.16</u>	62,243.86	<u>2,446.23</u>	46,494.11
TOTAL		<u>309,384.43</u>		<u>271,327.63</u>
II ASSETS				
1 NON-CURRENT ASSETS				
(a) Fixed assets				
(i) Tangible assets (net)	1,553.71		1,553.32	
(ii) Intangible assets (net)	46,423.42		48,453.87	
(iii) Capital work-in-progress	357.78		496.53	
(iv) Intangible assets under development	110,606.89		84,861.90	
(b) Goodwill on consolidation (net)	5,846.42		5,753.15	
(c) Non-current investments (net)	6,138.84		4,675.66	
(d) Deferred tax assets	210.36		179.99	
(e) Long-term loans and advances (net)	13,233.09		11,038.94	
(f) Other non-current assets	<u>86,701.36</u>	271,071.87	<u>83,438.46</u>	240,451.82
2 CURRENT ASSETS				
(a) Current investments	378.53		15.28	
(b) Inventories	140.14		171.54	
(c) Trade receivables (net)	11,012.64		9,875.38	
(d) Cash and cash equivalents	6,872.06		6,712.84	
(e) Short-term loans and advances	10,470.34		9,695.44	
(f) Other current assets	<u>9,438.85</u>	38,312.56	<u>4,405.33</u>	30,875.81
TOTAL		<u>309,384.43</u>		<u>271,327.63</u>

Note 1 forms part of the interim condensed consolidated 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

Managing Director

Director

Mumbai, 13 February 2015

Chief Financial Officer

Company Secretary

Mumbai, 13 February 2015

IL&FS TRANSPORTATION NETWORKS LIMITED

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR
THE NINE MONTHS ENDED 31 DECEMBER 2014**

<u>Particulars</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>Nine months ended 31 December 2014</u>	<u>Nine months ended 31 December 2013</u>
	<u>₹ in million</u>	
I Revenue from operations	50,174.90	47,577.03
II Other income	2,382.93	933.02
III Total revenue (I + II)	52,557.83	48,510.05
IV Expenses		
Cost of materials consumed	1,192.50	1,062.36
Operating expenses	25,053.85	25,646.49
Employee benefits expense	3,416.18	3,131.44
Finance costs (net)	13,717.89	11,032.97
Depreciation and amortisation expense	1,403.30	971.40
Administrative and general expenses	3,442.54	2,665.94
Total expenses (IV)	48,226.26	44,510.60
V Profit before tax (III-IV)	4,331.57	3,999.45
VI Tax expense:		
(1) Current tax	1,458.45	1,290.16
(2) Tax relating to earlier years written back	(26.58)	(263.09)
(3) Deferred tax (net)	(373.21)	(395.87)
(4) MAT Credit entitlement	(91.23)	(102.08)
Total tax expense (VI)	967.43	529.12
VII Profit before share of associates & share of minority interest (V-VI)	3,364.14	3,470.33
VIII Share of profit of associates (net)	96.63	35.70
IX Share of (profit) / loss transferred to minority interest (net)	196.79	(49.73)
Profit for nine months (VII+VIII+IX)	3,657.56	3,456.30
Earnings per equity share (Face value per share ₹ 10/-) (refer note 1 (11))		
(1) Basic (not annualised)	12.26	15.93
(2) Diluted (not annualised)	12.26	15.93

Note 1 forms part of the interim condensed consolidated 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

Managing Director

Director

Mumbai, 13 February 2015

Chief Financial Officer

Company Secretary

Mumbai, 13 February 2015

IL&FS TRANSPORTATION NETWORKS LIMITED

**UNAUDITED INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE
NINE MONTHS ENDED 31 DECEMBER 2014**

<u>Particulars</u>	<u>Unaudited Nine months ended 31 December 2014</u>	<u>Unaudited Nine months ended 31 December 2013</u>
	₹ in million	
Net Cash generated from Operating Activities (A)	11,488.72	12,000.81
Net Cash used in Investing Activities (B)	(31,587.78)	(31,983.92)
Net Cash generated from Financing Activities (C)	20,585.60	21,161.34
Net Increase in Cash and Cash Equivalents (A+B+C)	486.54	1,178.23
Cash and Cash Equivalent at the beginning of the period	6,111.54	3,918.04
Impact of Foreign Currency Translation	2.08	250.23
Impact of conversion of subsidiary to associates	(60.68)	—
Cash and Cash Equivalent at the end of the period	<u>6,539.48</u>	<u>5,346.50</u>
Net Increase in Cash and Cash Equivalents	<u>486.54</u>	<u>1,178.23</u>
Components of Cash and Cash Equivalents		
Cash on hand	34.69	71.09
Balances with Banks in current accounts	3,830.86	3,310.43
Balances with Banks in deposit accounts	<u>2,673.93</u>	<u>1,964.98</u>
	6,539.48	5,346.50
Unpaid dividend accounts	7.65	1.75
Balances held as margin money or as security against borrowings	<u>324.93</u>	<u>618.35</u>
Cash and Cash Equivalents	<u>6,872.06</u>	<u>5,966.60</u>

Note 1 forms part of the interim condensed consolidated 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

Managing Director

Director

Mumbai, 13 February 2015

Chief Financial Officer

Company Secretary

Mumbai, 13 February 2015

IL&FS TRANSPORTATION NETWORKS LIMITED

NOTE 1: SELECT EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. These Interim Condensed Consolidated Financial Statements (“CFS”) have been prepared in accordance with Accounting Standard (AS) 25 on “Interim Financial Reporting” notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014). These CFS should be read in conjunction with the Consolidated Financial Statements as at / for the year ended 31 March 2014. The accounting policies followed in the presentation of the CFS are consistent with those followed in the preparation of the Consolidated Financial Statements of the Group as at / for the year ended 31 March 2014 other than mentioned in point 2 below. The results of the interim period are not necessarily an indication of the result that may be expected for any interim period / full year.
2. As per notification dated, 26 March 2014 issued by the Ministry of Corporate Affairs, Schedule II of the Companies Act 2013 comes into effect from 1 April 2014 which prescribes the useful life of depreciable assets. The Group has adopted the useful life prescribed under the Schedule II of the Companies Act 2013. Also, with effect from 1 April 2014 the Group has decided to change the policy retrospectively for charging depreciation on the basis of Straight Line Method in place of Written Down Method other than those specified otherwise. Accordingly the Group has restated its policy for charging depreciation with effect from 1 April 2014 which is as below:
 - (i) Assets purchased on or after 1 April 2014 are depreciated on Straight Line 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
 - (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 the Management’s estimate

Particulars	Useful life
Data Processing Equipment—Server and Networking equipment	4 years
Mobile Phones and Ipad / Tablets	Year of purchase
Specialised office equipments	3 years
Cars purchased by the company for employees	5 years
Assets provided to employees	3 years
Leasehold improvement costs	Over the period of lease agreement
All categories of assets costing less than ₹ 5,000 each	Year of purchase

- (iii) The residual value of all the assets is retained at ₹ 1/- each

The impacts of the above change in depreciation policy and useful lives are stated below:

- i) An amount of ₹ 10.56 million have been debited to the balance in the Surplus in the Statement of Profit & Loss being the depreciation impact for the assets where revised useful life has been completed as at 1 April 2014.
 - ii) As a result of the change in method of charging depreciation from WDV to SLM for certain tangible assets and change in useful life of certain tangible assets to be in line with Schedule II of Companies Act, 2013, the charge on account of Depreciation for the nine months ended 31 December 2014 is higher by ₹ 20.34 million compared to the method used and useful lives estimated in earlier period.
3. The interim financial statements of the subsidiaries, associates and jointly controlled entities used in the consolidation are drawn up to the same reporting date and period as that of the Company i.e. as at and for the nine months ended 31 December 2014 except for one overseas subsidiary, viz. Elsamex S.A., Spain, whose interim consolidated financial statements (incorporating the interim financial statements of its subsidiaries, jointly controlled entities, jointly controlled operations and associates) have been drawn as at and for a period of nine months ended 30 September 2014 and adjusted for effects of significant transactions and other events that have occurred between 1 October 2014 and 31 December 2014.

4. The list of subsidiaries, which are included in the CFS with their respective country of incorporation and the Group's holding therein for each of the financial period / year are given below:

Name of the Subsidiary	Country of Incorporation	Proportion of Group's Interest (%)		Date of Acquisition of Control
		As at Dec 14	As at March 14	
1. Held directly:				
Gujarat Road and Infrastructure Company Limited ("GRICL")	India	—	83.61	11 January 2007
Scheme of ITNL Road Investment Trust ("IRIT")	India	100.00	100.00	13 March 2007
East Hyderabad Expressway Limited ("EHEL")	India	74.00	74.00	5 September 2007
ITNL Road Infrastructure Development Company Limited ("IRIDCL")	India	100.00	100.00	17 January 2008
IL&FS Rail Limited ("IRL")	India	77.34	71.37	4 February 2008
Elsamex SA (includes 22.61 % shares held through I IPL, previous year 22.61%) ("Elsamex")	Spain	100.00	100.00	18 March 2008
ITNL International Pte. Ltd. ("I IPL")	Singapore	100.00	100.00	19 September 2008
Vansh Nimay Infraprojects Limited ("VNIL")	India	90.00	90.00	25 March 2009
West Gujarat Expressway Limited ("WGEL")	India	74.00	74.00	10 June 2009
Hazaribagh Ranchi Expressway Limited ("HREL")	India	74.00	74.00	1 August 2009
Pune Sholapur Road Development Company Limited ("PSRDCL")	India	90.91	90.91	25 September 2009
Moradabad Bareilly Expressway Limited ("MBEL")	India	100.00	100.00	4 February 2010
Jharkhand Road Projects Implementation Company Limited ("JRPICL")	India	93.43	93.43	27 February 2010
Chenani Nashri Tunnelway Limited ("CNTL")	India	100.00	100.00	2 June 2010
MP Border Checkpost Development Company Limited ("MPBCDCL")	India	74.00	51.00	28 October 2010
Badarpur Tollway Operations Management Limited ("BTOML")	India	100.00	100.00	9 December 2010
Futureage Infrastructure India Limited ("FIIL")	India	58.48	58.48	14 July 2011
Charminar RoboPark Limited ("CRL")	India	89.20##	89.20##	27 July 2011
ITNL Offshore Pte. Ltd. ("IOPL")	Singapore	100.00	100.00	5 December 2011
Karyavattom Sports Facility Limited ("KSFL")	India	100.00	100.00	8 February 2012
Kiratpur Ner Chowk Expressway Limited ("KNCEL")	India	100.00	100.00	12 February 2012
Baleshwar Kharagpur Expressway Limited ("BKEL")	India	100.00	100.00	4 April 2012
Sikar Bikaner Highway Limited ("SBHL")	India	100.00	100.00	9 May 2012
Khed Sinnar Expressway Limited ("KSEL")	India	100.00	100.00	12 June 2013
Barwa Adda Expressway Limited ("BAEL")	India	100.00	100.00	27 June 2013
GIFT Parking Facilities Limited ("GPFL")	India	100.00	100.00++	9 January 2014
2. Held through subsidiaries:				
North Karnataka Expressway Limited ("NKEL")	India	93.50@	93.50@	21 March 2007
Atenea Seguridad Y Medio Ambiente S.A.U.	Spain	100.00\$	100.00*	18 March 2008
Senalizacion Viales e Imagen S.A.U.	Spain	100.00\$	100.00*	18 March 2008
Elsamex Internacional S.L.	Spain	100.00\$	100.00*	18 March 2008
Grusamar Ingenieria Y Consulting, S.L.	Spain	100.00\$	100.00*	18 March 2008

Name of the Subsidiary	Country of Incorporation	Proportion of Group's Interest (%)		Date of Acquisition of Control
		As at Dec 14	As at March 14	
Elsamex Portugal S.A.	Portugal	70.00 ^{\$}	70.00*	18 March 2008
Inteval Gestao Integral Rodoviaria S.A.	Portugal	100.00 ^{\$}	100.00*	18 March 2008
Elsamex India Private Limited	India	99.15 ^{\$}	99.15*	18 March 2008
Yala Construction Co Private Limited	India	96.03 ^{\$}	96.03*	18 March 2008
Mantenimiento Y Conservacion De Vialidades S.A. DE C.V.	Mexico	64.00 ^{\$}	64.00*	18 March 2008
ESM Mantenimiento Integral, SA DE CV	Mexico	100.00 ^{\$}	100.00*	18 March 2008
CISEM-INTEVIA, S.A.	Spain	100.00 ^{\$}	100.00*	18 March 2008
Control 7, S.A.	Spain	100.00 ^{\$}	100.00*	18 March 2008
Grusamar Albania SHPK	Albania	51.00 ^{\$}	51.00*	18 March 2008
Elsamex Brazil LTDA	Brazil	44.10 ^{\$^^}	44.10* ^{^^}	18 March 2008
Rapid MetroRail Gurgaon Limited ("RMGL")	India	85.27 [#]	81.39 [#]	30 July 2009
Area De Servicio Coiros S.L.U.	Spain	100.00 ^{\$}	100.00*	31 May 2010
Conservacion De Infraestructuras De Mexico S.A. DE C.V.	Mexico	96.40 ^{\$}	96.40*	1 September 2010
Alcantarilla Fotovoltaica, S.L.U.	Spain	100.00 ^{\$}	100.00*	17 December 2010
Area De Servicio Punta Umbria, S.L.U.	Spain	100.00 ^{\$}	100.00*	17 December 2010
ITNL International JLT ("IIJLT")	UAE	100.00	100.00	17 May 2012
Beasolarta S.A.U.	Spain	100.00 ^{\$}	100.00*	29 November 2012
Rapid MetroRail Gurgaon South Limited ("RMGSL")	India	85.27 ^{@@}	81.39 ^{@@}	6 December 2012
ITNL Africa Projects Ltd. ("IAPL")	Nigeria	100.00 [^]	100.00 [^]	28 February 2013
Grusamar India Limited	India	100.00 ^{\$}	100.00*	21 March 2013
Elsamex Construcao E Manutencao LTDA	Brazil	99.99 ^{\$}	99.99*	26 June 2013
Sharjah General Services Company LLC ("SGSC")	UAE	49.00 ^{**}	49.00 ^{**}	9 October 2013
I IPL USA LLC	USA	100.00	100.00	20 November 2013
Andhra Pradesh Expressway Limited	India	86.74 ^{\$\$}	86.74 ^{\$\$}	27 March 2014
Elsamex Maintenance Services limited	India	99.88 ^{\$}	99.88*	12 September 2013
Elsamex LLC ⁺⁺	USA	100.00 ^{\$}	100.00*	26 September 2013
Grusamar Engenharia y Consultoria Brasil LTDA ⁺⁺	Brazil	99.99 ^{\$}	99.99*	29 August 2013
GRICL Rail Bridge Development Company Limited ("GRBDCL") ⁺⁺	India	—	100.00	Incorporated on 24 February 2014

^{\$} Proportion of Group's Interest as at 30 September 2014

* Proportion of Group's Interest as at 31 December 2013

@ Out of the above 13.00% is held directly by the Company and balance 80.50% through the scheme of IRIT (Previous year 13.00% held by the Company and balance 80.50% through the scheme of IRIT).

@@ Out of the above 35% is held directly by the Company and balance 50.27% through the IRL. (Previous year 35.00% held by Company and balance 46.39% held through IRL).

Out of the above 35.00% is directly held by the Company and balance 50.27% through IRL (Previous year 35.00% held by Company and balance 46.39% held through IRL).

Out of the above 74.00% is directly held by the Company and balance 15.20% through FIIL (Previous year 74.00% held by Company and balance 15.20% held through FIIL)

^ Out of the above 0.50% is directly held by the Company and balance 99.50% through I IPL (Previous year 0.50 % held by Company and balance 99.50% through I IPL)

^^ Elsamex Portugal S.A directly holds 63% in Elsamex Brazil LTDA and Elsamex S.A. directly holds 70% in Elsamex Portugal S.A. Accordingly, Groups proportionate holding comes to 44.10%. (Previous year—Elsamex Portugal S.A directly holds 63% in Elsamex Brazil LTDA and Elsamex S.A. directly holds 70% in Elsamex Portugal S.A. Accordingly, Groups proportionate share comes to 44.10%)

** I IPL has entered into a shareholders agreement with other shareholders of SGSC wherein the profit and loss are shared by I IPL 70% and other shareholders 30%. I IPL has Board control on SGSC.

\$\$ Out of the above 12.74 % is directly held by the Company and balance 74% through IRIT (Previous year 12.74 % is directly held by the Company and balance 74% through IRIT)

++ In these entities there has been no investments made by the Group. These are considered to be subsidiary based on subscription to the Memorandum & Articles of Association and / or Board control.

5. Interest in Jointly Controlled Entities:

- (a) The financial statements (consolidated financial statements where applicable) of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method.
- (b) The accounting policies in the jointly controlled entities have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) The Group's interest in jointly controlled entities are:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Date of Acquisition of Joint Control</u>	<u>Proportion of Group's Interest (%)</u>	
			<u>As at Dec 14</u>	<u>As at March 14</u>
Held Directly :				
Noida Toll Bridge Company Limited				
(NTBCL)	India	Various dates	25.35	25.35
N.A.M. Expressway Limited (NAMEL)	India	15 June 2010	50.00	50.00
Jorabat Shillong Expressway Limited				
(JSEL)	India	18 June 2010	50.00	50.00
Held through Subsidiaries :				
Consortio De Obras Civiles S.R.L	R.Dominicana	11 December 2009	34.00 ^{\$}	34.00*
Geotecnia y Control De Qualitat, S.A.	Spain	15 July 2010	50.00 ^{\$}	50.00*
Vias Y Construcciones S. R. L.	R.Dominicana	12 August 2010	50.00 ^{\$}	50.00*
Chongqing Yuhe Expressway Co. Ltd.	China	27 December 2011	49.00	49.00

Footnote: NTBCL includes ITNL Toll Management Services Limited, a subsidiary of NTBCL, which is also an associate of the Company.

^{\$} Proportion of Group's Interest as at 30 September 2014

* Proportion of Group's Interest as at 31 December 2013

6. Interest in Jointly Controlled Operations :

- (a) The financial statements (including consolidated financial statements where applicable) of the jointly controlled operations have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method. The financial statements of the jointly controlled operations are prepared by the respective operators in accordance with the requirements prescribed by the joint operating agreements of the jointly controlled operations.
- (b) The accounting policies of jointly controlled operations have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) The Group's interest in jointly controlled operations are :

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>As at Dec 14</u>	<u>As at March 14</u>
Api Conservacion-Elsamex UTE Teruel II	50% ^{\$}	50%*
Asfaltos Uribe-Norte Industrial-Construcciones Eder-Elsamex UTE Durango Bi	28% ^{\$}	28%*
Atenea—Basoinsa UTE Atda Bergara Zizurkil	50% ^{\$}	50%*
Atenea—Consulnima UTE Consultea	50% ^{\$}	50%*
Atenea—Iz Ingenieros UTE Atda Embalse De Flix	50% ^{\$}	50%*
Betancourt—Grusamar UTE Linares	50% ^{\$}	50%*
Betancourt—Grusamar UTE Rio Alhama	50% ^{\$}	50%*
Con Interaniño	50% ^{\$}	50%*
Cons.Carreteras del Sur	60% ^{\$}	60%*
Cons.Jose Saldis	34% ^{\$}	34%*
Corsan Corviam-Elsamex UTE Corelsa	50% ^{\$}	50%*
Dair—Intevia	50% ^{\$}	50%*

<u>Name of the Jointly Controlled Operations</u>	<u>Proportion of Group's Interest (%)</u>	
	<u>As at Dec 14</u>	<u>As at March 14</u>
Elsamex-Martín Casillas UTE Conservación Cádiz	50% ^s	50%*
Elsamex-Arias UTE Conservación Coruña II	—	60%*
Elsamex-Asfaltos Uribe Este Señal UTE Durango II	45% ^s	45%*
Elsamex-Asfaltos Urretxu UTE Itziar	50% ^s	50%*
Elsamex-Cauchil UTE Elsamex- Cauchil Jaen	80% ^s	80%*
Elsamex-Iberseñal UTE Señalización Madrid	60% ^s	60%*
Elsamex-Oca UTE Conservación Orense III	50% ^s	50%*
Elsamex-Oca UTE Coruña III	70% ^s	70%*
Elsamex-Rubau UTE Argentona	50% ^s	50%*
Elsamex-Sando UTE II Conservación A-395	50% ^s	50%*
Elsamex-Torrescamara UTE Presas	50% ^s	50%*
Elsamex-Velasco UTE Polideportivos Latina	50% ^s	50%*
Elsan Pacsa-Elsamex UTE Navalvillar De Pela II	50% ^s	50%*
Epsilon	35% ^s	35%*
Geoteyco-Cgs-Ciesm-Enmacosa 2/2008	24% ^s	24%*
Grusamar—Progescan UTE Areas De Servicio	100% ^s	100%*
Grusamar-Elsamex—Atenea	30% ^s	30%*
Grusamar Elsamex Atenea UTE Seguridad Vial Murcia	50% ^s	50%*
Grusamar-Ineco-Inastecan UTE Arucas	40% ^s	40%*
Grusamar-Elsamex-Atenea UTE Seguridad Vial Murcia	20% ^s	20%*
Intevia-Grusamar UTE Seguridad Vial Norte	—	30%*
Intevia-Grusamar UTE Seguridad Vial Norte	—	70%*
Intevia-Grusamar-Dair UTE Seguridad Vial Bizkaia	10% ^s	10%*
Intevia-Grusamar-Dair UTE Seguridad Vial Bizkaia	60% ^s	60%*
Serop-Elsamex UTE Mantenimiento Serop-Elsamex	—	50%*
UTE Abedul Cáceres	25% ^s	25%*
UTE Abedul Orihuela	25% ^s	25%*
UTE Abedul Ponferrada	25% ^s	25%*
UTE Abedul Villavidel	25% ^s	25%*
UTE Abedul Zamora	25% ^s	25%*
UTE Almanzora	65% ^s	65%*
UTE AP-7 Ondara	60% ^s	60%*
UTE Arona	60% ^s	60%*
UTE Asistencia Molinar	52% ^s	52%*
UTE Atenea-Paymacotas	40% ^s	40%*
UTE Atenea-Prevecons	55% ^s	55%*
UTE Autovia de Santiago	50% ^s	50%*
UTE Bizcaya Bi	37.5% ^s	37.5%*
UTE CAP 1	50% ^s	50%*
UTE CEIP 1	50% ^s	50%*
UTE Cican Ciesm	50% ^s	50%*
Ute Conservacion Almeria	70% ^s	70%*
Ute Conservacion Asturias	50% ^s	50%*
UTE Conservacion Caceres	50% ^s	50%*
UTE Cordoba	50% ^s	50%*
UTE Dallas	50% ^s	50%*
UTE Elsamex Arias Oca Conservación Orense	50% ^s	50%*
UTE Elsamex-Lujan Alicante	50% ^s	50%*
UTE Grusamar—OHS Ingeniería Y Urbanismo UTE Travesía De Hermigua	50% ^s	50%*
UTE Grusamar-Eyser	50% ^s	50%*
Ute Grusamar-Ingelan	60% ^s	60%*
Ute Grusamar-Intecsa-Inarsa-Atenea	30% ^s	30%*
Ute Grusamar-Intecsa-Inarsa-Atenea	30% ^s	30%*
UTE Grusumar—Inserco Rambla Retamar	50% ^s	50%*
UTE Mantenimient De Cuenca	50% ^s	50%*
UTE Parking Estacion Intermodal	50% ^s	50%*

<u>Name of the Jointly Controlled Operations</u>	Proportion of Group's Interest (%)	
	As at Dec 14	As at March 14
UTE SG-2/2011	24% ^{\$}	24%*
UTE Sur Sevilla	50% ^{\$}	50%*
UTE Tren Mallorca	80% ^{\$}	80%*
UTE Urbanizacion Centro	30% ^{\$}	30%*
UTE Viales el Jable	50% ^{\$}	50%*
UTE Vizcaya II	45% ^{\$}	45%*
Consortio Elsamex-Grusamar Ecuador	100% ^{\$}	100%*
JV Elsamex—Ascon	50% ^{\$}	50%*
UTE Control 7 Geoplaning	50% ^{\$}	50%*
UTE Elsamex-Pulido	50% ^{\$}	—
UTE AP-7 Ondara 2	60% ^{\$}	—
UTE Prointec-Intevia-Gestina	33% ^{\$}	—
UTE Ciesm-Intevia-Conurma	40% ^{\$}	—
UTE Intevia-Getinsa-Ciesa	34% ^{\$}	—
UTE Ellopia 35	100% ^{\$}	—
UTE Sistema Tarifario	50% ^{\$}	—
UTE Elsamex—ITNL	100%	100%

^{\$} Proportion of Group's Interest as at 30 September 2014

* Proportion of Group's Interest as at 31 December 2013

7. Investments in Associates:

- (a) An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and / or operating policy decisions of such enterprises. In accordance with AS 23 the investments are carried in the Consolidated Balance Sheet at cost as adjusted by post acquisition changes in the Group's share in the Reserves and Surplus of Associates.
- (b) The accounting policies of associates have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company.
- (c) Details of associates and ownership interest are as follows:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	Proportion of Group's Interest (%)	
		As at Dec 14	As at March 14
1. Held directly :			
Thiruvananthapuram Road Development Company Limited (“TRDCL”)	India	50.00	50.00
ITNL Toll Management Services Limited (“ITMSL”) (see footnote below)	India	49.00	49.00
Warora Chandrapur Ballarpur Toll Road Limited (“WCBTRL”) ..	India	35.00	35.00
Srinagar Sonamarg Tunnelway Limited (“SSTL”)	India	49.14	—
Gujarat Road and Infrastructure Company Limited (“GRICL”) ...	India	41.81	—
2. Held through Subsidiaries :			
CGI 8 S.A.	Spain	49.00 ^{\$}	49.00*
Elsamex Road Technology Company Limited	China	23.44 ^{\$}	23.44*
Sociedad Concesionaria Autovía A-4 Madrid S.A	Spain	48.75 ^{\$}	48.75*
VCS Enterprises Limited	India	30.00 ^{\$}	30.00*
Ramky Elsamex Hyderabad Ring Road Limited	India	26.00 ^{\$}	26.00*
Empresas Pame sa De CV	Mexico	34.10 ^{\$}	34.10*
Zhejiang Elsamex Road Technology Co Ltd	China	23.44 ^{\$}	23.44*
Zhejiang Elsamex Road Construction Equipment Co Ltd	China	23.44 ^{\$}	23.44*

Note: ITMSL is a subsidiary of NTBCL which is consolidated as a Jointly Controlled Entity.

^{\$} Proportion of Group's Interest as at 30 September 2014

* Proportion of Group's Interest as at 31 December 2013

8. Commitments:**(A) Capital Commitment:**

<u>Sr. No.</u>	<u>Particulars</u>	<u>As at</u> <u>31 December 2014</u>	<u>As at</u> <u>31 March 2014</u>
		₹ in million	
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances paid aggregate ₹ 5,308.61 million (as at 31 March 2014 ₹ 4,644.4 million)	76,966.14	78,418.96
(ii)	Investment Commitments [net of advances of ₹ 200.00 million, as at 31 March 2014 ₹ 200.00 million]	200.00	200.00

(B) Other Commitments:

<u>Sr. No.</u>	<u>Particulars</u>	<u>As at</u> <u>31 December 2014</u>	<u>As at</u> <u>31 March 2014</u>
		₹ in million	
(i)	Negative grant to National Highways Authority of India	2,150.00	2,400.00
(ii)	Connectivity charges to Haryana Urban Development Authority	27,509.48	27,569.75
(iii)	During the previous year, the Company had assigned loans aggregating to ₹ 4,507 million at its book value, out of which in the case of loans aggregating ₹ 2,950 million, the lender has a put option on the Company on specified future dates till the maturity of the loans assigned and having a recourse to the Company in case of default by the borrower on the due dates	—	2,950.00
(iv)	Put option on sale of investment	Unascertainable	Not applicable

9. Contingent Liabilities :

<u>Particulars</u>	<u>As at</u> <u>31 December 2014</u>	<u>As at</u> <u>31 March 2014</u>
	₹ in million	
(a) Claims against the Group not acknowledged as debt	3,350.30	906.35
(b) Income tax demands contested by Group	343.11	720.92
(c) Other Tax liability	83.92	83.92
(d) Royalty to Nagpur Municipal Corporation	10.74	10.74
(e) Guarantees/ counter guarantees issued to outsider in respect of other than group companies	229.79	329.06
(f) In case of Income Tax disputes decided in favour of the Group at the First Appellate Authority for amounts disallowed amounting to ₹ 1,115.26 million (March 31, 2014 ₹ 1,361.09 million), the Income Tax department has gone for further appeal in all the cases. If decided against the Group, it will result in reduction of unabsorbed depreciation as per the Income -Tax law.		

10. Reporting of Segment wise Revenue, Results and Capital Employed :

<u>Sr. No.</u>	<u>Particulars</u>	Nine months ended	Nine months ended
		31 December 2014	31 December 2013
		₹ in million	
1	Segment Revenue		
	(a) Surface Transportation Business	47,838.38	45,392.40
	(b) Others	2,358.95	2184.91
	(c) Unallocable income (including interest income)	2,360.50	932.74
	Total	52,557.83	48,510.05
	Less : Inter segment revenue	—	—
	Total revenue	52,557.83	48,510.05
2	Segment Results (Profit(+)/loss(-) before tax and interest from each segment)		
	(a) Surface Transportation Business	16,227.22	14,593.81
	(b) Others	316.17	120.01
	Total	16,543.39	14,713.82
	Less : Unallocable expenses		
	(a) Finance Costs	13,717.89	11,032.97
	(b) Others	854.43	614.14
	Add : Unallocable income (including interest income)	2,360.50	932.74
	Total Profit Before Tax	4,331.57	3,999.45
	Provision for taxation	967.43	529.12
	Add: Share of Profit of Associates (net)	96.63	35.70
	Less: Share of Profit transferred to Minority Interest (net)	(196.79)	49.73
	Profit after tax	3,657.56	3,456.30
Capital Employed		As at	As at
		31 December 2014	31 March 2014
3	(i) Surface Transportation Business	257,937.79	224,270.06
	(ii) Other	903.48	928.06
	(iii) Unallocated assets net of liabilities	(197,492.58)	(170,572.37)
	Total	61,348.73	54,625.75

11. Earnings Per Share :

Particulars	Unit	Nine months ended	Nine months ended
		31 December 2014	31 December 2013
Profit for the nine months	₹ in million	3,657.56	3,456.30
Redemption Premium on preference shares of the Company	₹ in million	—	(19.12)
Dividend on cumulative preference shares of the Company	₹ in million	(594.18)	(115.54)
Tax on Dividend on cumulative preference shares of the Company	₹ in million	(100.98)	(19.64)
Premium on preference shares of a subsidiary	₹ in million	—	(9.17)
Dividend on non-cumulative preference shares of a subsidiary	₹ in million	—	(1.99)
Tax on Dividend on non-cumulative preference shares of a subsidiary	₹ in million	—	(0.34)
Depreciation charge to surplus / deficit in the Statement of Profit and Loss due to change in depreciation policy as per the Companies Act 2013.	₹ in million	(10.56)	—
Profit available for Equity Shareholders	₹ in million	2,951.84	3,290.50
Weighted average number of equity shares outstanding after effect of right shares	Nos.	240,740,729*	206,615,020*
Weighted average number of equity shares outstanding as originally reported in previous period	Nos.	Not applicable	194,267,732
Nominal Value per equity share	₹	10.00	10.00
Basic / Diluted earnings per share (not annualised) after effect of right shares	₹	12.26	15.93
Basic / Diluted earnings per share (not annualised) as originally reported in previous period	₹	Not applicable	16.94

* As adjusted for rights issue in accordance with AS-20 Earnings Per Share.

12. 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, financial and accounting measurements such as the revenue recognised on financial assets, allocation of annuity into recovery of financial asset, carrying values of financial assets and depreciation of intangible assets and provisions for overlay in respect of service concession agreements are based on such assumptions.

Movements in provision made for overlay are tabulated below:

Particulars	As at 31 December 2014		As at 31 March 2014	
	Long-term	Current	Long-term	Current
	₹ in million			
Opening balance	326.98	96.42	388.67	387.62
Adjustment for foreign exchange fluctuation during the period / year	7.74	—	22.36	—
Adjustment for reclassification during the period / year	—	—	(118.16)	118.16
Adjustment for conversion of subsidiary to associate	—	(61.50)	—	—
Utilised for the period / year	—	(31.35)	—	(134.59)
Provision reversed during the period/ year	—	—	(92.96)	(287.87)
Provision made during the period / year	151.81	5.94	127.07	13.10
Closing balance	486.53	9.51	326.98	96.42

13. Service Concession Arrangements

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 recognised by the Group at the fair value of consideration received or receivable for the construction services delivered.

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 “Receivable against Service Concession Arrangements”.

Accordingly:

(i) 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:

<u>Particulars</u>	<u>Upto / As at 31 December 2014</u>	<u>Upto / As at 31 March 2014</u>
Margin on construction services recognised in respect of intangible assets (₹ in million)	14,383.91	11,827.10
Carrying amounts of intangible assets (₹ in million)	45,009.53	48,009.31
Units of usage (No. of vehicles)	82,199,673 to 1,554,733,739	82,199,673 to 1,554,733,739
Provision for overlay in respect of intangible assets (₹ in million)	496.04	423.40
Carrying amounts of intangible assets under development (₹ in million)	110,606.90	84,861.90
	<u>Nine months ended 31 December 2014</u>	<u>Nine months ended 31 December 2013</u>
Amortisation charge in respect of intangible assets (₹ in million)	1,053.29	657.67

(ii) 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 “Receivable 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:

<u>Particulars</u>	<u>Upto / As at 31 December 2014</u>	<u>Upto / As at 31 March 2014</u>
	<u>₹ in million</u>	
Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets	6,516.83	6,103.43
Carrying amounts of Financial Assets included under “Receivable against Service Concession Arrangements”	87,304.02	80,666.64
Revenue recognised on Financial Assets on the basis of effective interest method	26,160.55	20,545.29

14. Related Party Disclosure—(refer Annexure 1).

15. During the nine months ended 31 December 2014 an associate company (subsidiary upto 7 August 2014) received a formal communication from the Corporate Debt Restructuring (CDR) Empowered Group with respect to it having formally exited from the CDR system. The interim financial statements of the associate reflect, contribution by one of the Promoters amounting to ₹ 450 million as advance towards preference capital, liabilities towards Non-convertible Debentures aggregating ₹ 200 million and Deep Discount Bonds aggregating ₹ 1,644 million for which the consequential repayment/conversion, recompense, if any, for the

reduction in interest rates are pending pursuant to decisions taken by the CDR cell and High Court of Gujarat. Consequent to the associate's exit from the CDR on 20 May 2014, the below mentioned items are subject to discussions:

- a. Settlement of the Advance towards Capital / Debt ; and
- b. Recompense, if any of the amount of sacrifices made by the Deep Discount Bond holders and the Non-Convertible Debenture Holders.

In the view of the Management of the associate company, the amounts payable, if any, for the aforesaid items is currently unascertainable and accordingly, no liability/charge has been created in its interim condensed financial statements. The associate company intends to finalise the foregoing during the current financial year ending 31 March 2015.

16. During the quarter ended 30 June 2014, the Company had sold its Investment representing 23,187,155 shares of Gujarat Road and Infrastructure Company Limited ("GRICL") vide sale and purchase agreement dated 25 June 2014 to BayCapital Advisors Private Limited ("BCAPL"). The sales consideration of ₹ 2,508.39 million is receivable as at 31 December 2014 and 23,187,155 shares have been transferred to an escrow account on 8 August 2014. Subsequently, based on the assignment by BCAPL to MAIF Investments India Pte. Ltd. ("MAIF") of the right to purchase the said shares, the Company has entered into a share sale and purchase agreement with MAIF on 11 November 2014 for sale of the aforesaid GRICL shares.

As at 31 December 2014 the aforesaid shares are lying in an escrow account. The Company has subsequently received the sale consideration of ₹ 2,654.30 million on 29 January 2015 from MAIF and the shares have been transferred to MAIF.

The above sale represents 41.80% of the stake in GRICL and accordingly, the Company now holds 41.81% of the stake in GRICL as at 31 December 2014. The Company has diluted its control over the Board of that entity from 8 August 2014, and consequently that entity has been considered as an associate of the Company.

17. During the nine months ended 31 December 2014, the Company issued 52,452,288 equity shares on rights basis in the ratio of 27:100. The record date for this purpose was 14 March 2014. The offer was open from 28 April 2014 to 12 May 2014 to all eligible equity shareholders. As at the end of the offer date i.e. 12 May 2014 the Company has received application for 66,313,105 shares aggregating ₹ 6,631.30 million from the eligible shareholders and accordingly, the Company has issued 52,452,288 shares to all eligible equity shareholders on 22 May 2014. The Earnings per share has been accordingly adjusted for the effect of Rights Issue for the current period and previous period.

The details of utilisation of proceeds of above issue is given below :

<u>Particulars</u>	<u>(₹ in million)</u>
Amount received from the issue	5,245.23
Utilisation :	
For repayment of loans	5,100.00
For working capital payments (including issue expenses)	145.23
Total utilisation	5,245.23
Balance amount unutilised as on December 31, 2014	Nil

18. Income from Operations for the nine months ended 31 December 2014 includes an amount of ₹ 2,609 million on account of aggregate compensation claimed by ITNL from two Special Purpose Vehicles ("SPVs") and by the two SPVs on the Concession Granting Authority ("CGA"), for the incremental work and related claims arising from delays due to handing over of the land by CGA for project execution. The compensation is based on the provisions in the Service Concession Agreements and is supported by the Extension of Time granted by the Independent Engineers. The SPVs have been legally advised that they are contractually entitled to such claims under the Service Concession Agreements. Costs in connection with the foregoing have been considered in recognising the above income
19. During the nine months ended 31 December 2014, one of the subsidiary company has increased the construction cost of project from ₹ 2,022.50 to ₹ 2,922.50 million and accordingly entered into a supplemental development agreement of ₹ 900 million with the existing contractor for executing certain additional works/ revised project specifications. The interim condensed financial statements have been prepared on the basis of estimates for increase in the aforesaid project costs due to factors including changes

in project specifications, which resulted in a change in allocation between financial asset and intangible asset. The subsidiary company has made an application seeking approval for enhancement in the Annuities towards the incremental project costs. Pending conclusion of the acceptance for the same, the interim condensed financial statements does not include impact, if any for the anticipated increase in annuities.

20. Borrowing costs incurred by the group on qualifying assets are capitalised and accordingly the finance cost reported is net of such capitalisation

<u>Particulars</u>	<u>Nine months ended 31 December 2014</u>	<u>Nine months ended 31 December 2013</u>
	₹ in million	
Gross finance cost	19,065.02	14,437.41
Less : Capitalised	5,347.13	3,404.41
Finance cost (net)	13,717.89	11,033.00

21. Figures for the previous periods have been regrouped and reclassified wherever necessary to conform to the classification for the current period.
22. This CFS has been drawn for the limited purpose of enabling the Company to prepare its consolidated financial results as per the requirement of Clause 41 of the Listing Agreement.

For and on behalf of the Board

Managing Director

Director

Chief Financial Officer

Company Secretary

Mumbai, 13 February 2015

14 : Related Party Disclosures
Annexure I
(i) Current Period

(a) Name of the Related Parties and Description of Relationship:

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Abbreviation used</u>
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries (Only with whom there have been transaction during the period / there was balance outstanding at the period ended)	IL&FS Financial Services Limited	IFIN
	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Renewable Energy Limited	IREL
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Airport Limited.	IAL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	PT Mantimin Coal Mining	PTMCM
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited	ITUAL
	IL&FS Trust Company Limited	ITCL
IL&FS Global Financial Services (UK) Limited	IGFSL(UK)	
Associates—Direct	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
	Srinagar Sonmarg Tunnelway Limited	SSTL
	Gujarat Road and Infrastructure Company Limited (since 08 August 2014)	GRICL
Associates—Indirect	Centro de Investigaciones de Curretros Andalucía S.A.	CICAN
	Labetec Ensayos Técnicos Canarios, S.A.	LABTEC
	CGI 8 S.A.	CGI-8
	Elsamex Road Technology Company Limited	ERT(China)
	Sociedad Concesionaria Autovía A-4 Madrid S.A	A4 CONCESSION
	VCS-Enterprises Limited	VCS
Key Management Personnel (“KMP”)	Ramky Elsamex Ring Road Limited, Hyderabad	REHRR
	Emprsas Pame sa De CV	EPSD
	Mr K Ramchand-Managing Director	
	Mr Mukund Sapre-Executive Director	
	Mr George Cherian-Chief Financial Officer	
Relatives of KMP	Mr Krishna Ghag-Company Secretary	
	Mr Ravi Parthasarathy—Director (KMP of Holding Company)	
	Mrs Rita Ramchand (<i>wife of Mr K Ramchand</i>)	
	Mrs Sangeeta Sapre (<i>wife of Mr Mukund Sapre</i>)	
	Mrs Vishpala Parthasarathy (<i>wife of Mr Ravi Parthasarathy</i>)	

(b) Current period balances / transactions with above mentioned related parties (mentioned in 14 (i)(a) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Balances					
Advance towards share application money					
GRICL	—	—	600.00	—	600.00
	<u>—</u>	<u>—</u>	<u>600.00</u>	<u>—</u>	<u>600.00</u>
Advances receivable					
ILFS	1.08	—	—	—	1.08
IAL	—	269.73	—	—	269.73
PTMCM	—	183.59	—	—	183.59
OTHERS	—	3.28	14.61	—	17.89
	<u>1.08</u>	<u>456.61</u>	<u>14.61</u>	<u>—</u>	<u>472.30</u>
Option Premium (net of provision)					
ILFS	79.13	—	—	—	79.13
	<u>79.13</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79.13</u>
Current liabilities					
ILFS	11.19	—	—	—	11.19
IFIN	—	264.00	—	—	264.00
ITUAL	—	324.10	—	—	324.10
OTHERS	—	10.46	64.59	—	75.04
	<u>11.19</u>	<u>598.57</u>	<u>64.59</u>	<u>—</u>	<u>674.34</u>
Current Maturities of Long-term debt					
ILFS	55.72	—	—	—	55.72
	<u>55.72</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>55.72</u>
Equity share Capital with Premium					
ILFS	3,645.00	—	—	—	3,645.00
	<u>3,645.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,645.00</u>
Interest Accrued—Lendings					
ILFS	10.97	—	—	—	10.97
SSTL	—	—	37.88	—	37.88
TRDCL	—	—	303.06	—	303.06
OTHERS	—	10.22	5.57	—	15.79
	<u>10.97</u>	<u>10.22</u>	<u>346.51</u>	<u>—</u>	<u>367.69</u>
Interest accrued but not due on borrowings					
ILFS	11.07	—	—	—	11.07
ITUAL	—	20.20	—	—	20.20
	<u>11.07</u>	<u>20.20</u>	<u>—</u>	<u>—</u>	<u>31.27</u>
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	<u>1,693.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,693.00</u>
Long-term borrowings					
ILFS	1,278.41	—	—	—	1,278.41
ITUAL	—	570.00	—	—	570.00
	<u>1,278.41</u>	<u>570.00</u>	<u>—</u>	<u>—</u>	<u>1,848.41</u>
Long-Term loans and advances					
ILFS	1,123.40	—	—	—	1,123.40
A4 CONCESSION	—	—	668.09	—	668.09
TRDCL	—	—	343.50	—	343.50
OTHERS	—	39.42	—	—	39.42
	<u>1,123.40</u>	<u>39.42</u>	<u>1,011.59</u>	<u>—</u>	<u>2,174.41</u>
Preference share Capital with Premium					
IFIN	—	2,000.00	—	—	2,000.00
IMICL	—	2,000.00	—	—	2,000.00
	<u>—</u>	<u>4,000.00</u>	<u>—</u>	<u>—</u>	<u>4,000.00</u>

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Provision for redemption premium on Preference Shares					
IFIN	—	31.64	—	—	31.64
IMICL	—	31.64	—	—	31.64
	<u>—</u>	<u>63.29</u>	<u>—</u>	<u>—</u>	<u>63.29</u>
Rent Deposit					
Mr K Ramchand-Managing Director	—	—	—	0.50	0.50
Mr Mukund Sapre-Executive Director	—	—	—	0.25	0.25
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	0.50	0.50
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	0.25	0.25
Mrs Vishpala Parthasarathy (wife of Mr Ravi Parthasarathy)	—	—	—	20.00	20.00
	<u>—</u>	<u>—</u>	<u>—</u>	<u>21.50</u>	<u>21.50</u>
Retention Money Payable					
IEISL	—	0.29	—	—	0.29
	<u>—</u>	<u>0.29</u>	<u>—</u>	<u>—</u>	<u>0.29</u>
Secured Deposit—Long-term					
ITCL	—	0.01	—	—	0.01
	<u>—</u>	<u>0.01</u>	<u>—</u>	<u>—</u>	<u>0.01</u>
Short-term Borrowings					
IFIN	—	2,829.50	—	—	2,829.50
	<u>—</u>	<u>2,829.50</u>	<u>—</u>	<u>—</u>	<u>2,829.50</u>
Short-term loans and advances					
ILFS	—	—	—	—	—
IFIN	—	212.47	—	—	212.47
TRDCL	—	—	766.00	—	766.00
WCBTRL	—	—	245.00	—	245.00
SSTL	—	—	505.00	—	505.00
OTHERS	—	158.65	—	—	158.65
	<u>—</u>	<u>371.12</u>	<u>1,516.00</u>	<u>—</u>	<u>1,887.12</u>
Trade Payables					
ITUAL	—	4.59	—	—	4.59
	<u>—</u>	<u>4.59</u>	<u>—</u>	<u>—</u>	<u>4.59</u>
Trade Receivables					
SSTL	—	—	2,277.32	—	2,277.32
OTHERS	—	2.17	228.33	—	230.50
	<u>—</u>	<u>2.17</u>	<u>2,505.65</u>	<u>—</u>	<u>2,507.82</u>
Unamortised Expenses					
ILFS	1.71	—	—	—	1.71
IFIN	—	262.62	—	—	262.62
ITCL	—	26.18	—	—	26.18
	<u>1.71</u>	<u>288.80</u>	<u>—</u>	<u>—</u>	<u>290.50</u>
Transactions					
Administrative and general expenses					
ILFS	269.34	—	—	—	269.34
IFIN	—	130.44	—	—	130.44
OTHERS	—	31.50	0.25	—	31.75
	<u>269.34</u>	<u>161.94</u>	<u>0.25</u>	<u>—</u>	<u>431.53</u>
Loans taken					
IFIN	—	2,472.50	—	—	2,472.50
OTHERS	—	252.50	—	—	252.50
	<u>—</u>	<u>2,725.00</u>	<u>—</u>	<u>—</u>	<u>2,725.00</u>

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Director Remuneration					
Mr K Ramchand-Managing Director				38.92	38.92
Mr Mukund Sapre-Executive Director	—	—	—	23.14	23.14
	—	—	—	62.06	62.06
Finance charges					
IFIN	—	6.57	—	—	6.57
ITCL	—	5.99	—	—	5.99
OTHERS	—	0.94	—	—	0.94
	—	13.50	—	—	13.50
Intangible assets under development					
ILFS	0.13	—	—	—	0.13
ITCL	—	1.07	—	—	1.07
OTHERS	—	0.12	—	—	0.12
	0.13	1.20	—	—	1.33
Inter-corporate deposits—matured					
IFIN	—	919.08	—	—	919.08
ILFS	52.97	—	—	—	52.97
	52.97	919.08	—	—	972.05
Inter-corporate deposits—placed					
IFIN	—	1,121.55	—	—	1,121.55
ILFS	31.68	—	—	—	31.68
	31.68	1,121.55	—	—	1,153.23
Interest Income					
ILFS	97.34	—	—	—	97.34
TRDCL	—	—	106.10	—	106.10
SSTL	—	—	32.49	—	32.49
OTHERS	—	8.23	6.19	—	14.43
	97.34	8.23	144.78	—	250.35
Interest on Loans (Expense)					
IFIN	—	270.37	—	—	270.37
ILFS	128.83	—	—	—	128.83
OTHERS	—	40.52	—	—	40.52
	128.83	310.89	—	—	439.73
Investment made / purchased					
SSTL	—	—	37.09	—	37.09
	—	—	37.09	—	37.09
Loan Given					
TRDCL	—	—	165.00	—	165.00
WCBTRL	—	—	245.00	—	245.00
SSTL	—	—	352.50	—	352.50
OTHERS	—	78.15	—	—	78.15
	—	78.15	762.50	—	840.65
Mobilisation Advance recovered					
ITUAL	—	80.34	—	—	80.34
	—	80.34	—	—	80.34
Construction Cost					
ITUAL	—	1,275.29	—	—	1,275.29
	—	1,275.29	—	—	1,275.29
Operating Expenses (Other than Construction Cost)					
ILFS	37.61	—	—	—	37.61
OTHERS	—	1.69	—	—	1.69
	37.61	1.68	—	—	39.29

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Other Income					
ILFS	0.26	—	—	—	0.26
A4 CONCESSION	—	—	39.32	—	39.32
IFIN	—	13.37	—	—	13.37
OTHERS	—	—	—	—	—
	0.26	13.37	39.32	—	52.95
Proposed Dividend on Preference Shares for 14-15					
IFIN	—	154.45	—	—	154.45
IMICL	—	154.45	—	—	154.45
	—	308.90	—	—	308.90
Proposed Dividend for 13-14					
ILFS	0.96	—	—	—	0.96
IFIN	—	105.03	—	—	105.03
IMICL	—	105.03	—	—	105.03
	0.96	210.05	—	—	211.02
Redemption of NCD					
ILFS	27.00	—	—	—	27.00
	27.00	—	—	—	27.00
Rent Expense					
Mr K Ramchand-Managing Director	—	—	—	2.66	2.66
Mr Mukund Sapre-Executive Director	—	—	—	1.17	1.17
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	2.66	2.66
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	1.17	1.17
Mrs Vishpala Parthasarathy (wife of Mr Ravi Parthasarathy)	—	—	—	0.08	0.08
	—	—	—	7.73	7.74
Rental Income					
IETS	—	4.52	—	—	4.52
	—	4.52	—	—	4.52
Repayment of Borrowings					
IFIN	—	1,200.00	—	—	1,200.00
ILFS	5.29	—	—	—	5.29
	5.29	1,200.00	—	—	1,205.29
Revenue from Operations					
SSTL	—	—	801.00	—	801.00
OTHERS	—	—	91.96	—	91.96
	—	—	892.96	—	892.96

(ii) Previous Period

(a) Name of the Related Parties and Description of Relationship:

<u>Nature of Relationship</u>	<u>Name of Entity</u>	<u>Abbreviation used</u>
Holding Company	Infrastructure Leasing & Financial Services Limited	ILFS
Fellow Subsidiaries (Only with whom there have been transaction during the period / there was balance outstanding at the year end)	IL&FS Financial Services Limited	IFIN
	IL&FS Education & Technology Services Limited	IETS
	IL&FS Energy Development Company Limited	IEDCL
	IL&FS Environmental Infrastructure & Services Limited	IEISL
	IL&FS Infrastructure Development Corporation Limited	IIDCL
	IL&FS Renewable Energy Limited	IREL
	IL&FS Maritime Infrastructure Company Limited	IMICL
	IL&FS Airport Limited.	IAL
	IL&FS Urban Infrastructure Managers Limited	IUIML
	IL&FS Capital Advisors Limited	ICAL
	PT Mantimin Coal Mining	PTMCM
	Chattisgarh Highways Development Company Limited	CHDCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Township & Urban Assets Limited	ITUAL
	IL&FS Trust Company Limited	ITCL
	IL&FS Global Financial Services (UK) Limited	IGFSL(UK)
Associates—Direct	Andhra Pradesh Expressway Limited (<i>upto 26 March 2014</i>)	APEL
	ITNL Toll Management Services Limited	ITMSL
	Thiruvananthapuram Road Development Company Limited	TRDCL
	Warora Chandrapur Ballarpur Toll Road Limited	WCBTRL
Associates—Indirect	Centro de Investigaciones de Curretros Andalucía S.A.	CICAN
	Labetec Ensayos Técnicos Canarios, S.A.	LABTEC
	CGI 8 S.A.	CGI-8
	Elsamex Road Technology Company Limited	ERT(China)
	Sociedad Concesionaria Autovía A-4 Madrid S.A	A4 CONCESSION
	VCS-Enterprises Limited	VCS
	Ramky Elsamex Ring Road Limited, Hyderabad	REHRR
	Emprsas Pame sa De CV	EPSD
Key Management Personnel (“KMP”)	Mr K Ramchand—Managing Director Mr Mukund Sapre—Executive Director	
Relatives of KMP	Mrs Rita Ramchand (<i>wife of Mr K Ramchand</i>) Mrs Sangeeta Sapre (<i>wife of Mr Mukund Sapre</i>)	

(b) Previous period balances / transactions with above mentioned related parties (mentioned in (ii)(a) above)

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
<u>Balances</u>					
Advance towards capital in a subsidiary					
ILFS	150.00	—	—	—	150.00
	150.00	—	—	—	150.00
Call Option Premium					
ILFS (net of provision of Rs.79.13 million)	36.67	—	—	—	36.67
	36.67	—	—	—	36.67
Current liabilities					
IFIN	—	312.35	—	—	312.35
ILFS	140.45	—	—	—	140.45
OTHERS	—	27.37	67.22	—	94.59
	140.45	339.72	67.22	—	547.39

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Current Maturities of Long-term debt					
ILFS	95.72	—	—	—	95.72
	95.72	—	—	—	95.72
Interest Accrued					
ILFS	10.97	—	—	—	10.97
TRDCL	—	—	207.57	—	207.57
OTHERS	—	1.15	—	—	1.15
	10.97	1.15	207.57	—	219.69
Interest accrued but not due on borrowings					
ILFS	9.88	—	—	—	9.88
ITUAL	—	17.41	—	—	17.41
	9.88	17.41	—	—	27.28
Investment in Covered Warrants					
ILFS	1,693.00	—	—	—	1,693.00
	1,693.00	—	—	—	1,693.00
Long-term borrowings					
ILFS	1,611.53	—	—	—	1,611.53
ITUAL	—	317.50	—	—	317.50
	1,611.53	317.50	—	—	1,929.03
Long-term loans and advances					
ILFS	1,123.40	—	—	—	1,123.40
A4 CONCESSION	—	—	716.43	—	716.43
TRDCL	—	—	343.50	—	343.50
ITUAL	—	119.38	—	—	119.38
	1,123.40	119.38	1,059.93	—	2,302.71
Preference share Capital with Premium					
IFIN	—	2,000.00	—	—	2,000.00
IMICL	—	2,000.00	—	—	2,000.00
	—	4,000.00	—	—	4,000.00
Prepaid					
IFIN	—	199.21	—	—	199.21
	—	199.21	—	—	199.21
Provision for redemption premium on Preference Shares					
IFIN	—	12.81	—	—	12.81
IMICL	—	12.81	—	—	12.81
	—	25.62	—	—	25.62
Redemption premium accrued but not due					
ILFS	410.62	—	—	—	410.62
	410.62	—	—	—	410.62
Rent Deposit					
Mr K Ramchand-Managing Director	—	—	—	0.50	0.50
Mr Mukund Sapre-Executive Director	—	—	—	0.25	0.25
Mrs Rita Ramchand (wife of Mr K Ramchand)	—	—	—	0.50	0.50
Mrs Sangeeta Sapre (wife of Mr Mukund Sapre)	—	—	—	0.25	0.25
	—	—	—	1.50	1.50
Retention Money Payable					
IEISL	—	0.24	—	—	0.24
	—	0.24	—	—	0.24

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Secured Deposit—Long-term					
ITCL	—	0.00	—	—	0.00
	—	0.00	—	—	0.00
Short-term Borrowings					
IFIN	—	1,557.00	—	—	1,557.00
	—	1,557.00	—	—	1,557.00
Short-term loans and advances					
ILFS	22.22	—	—	—	22.22
PTMCM	—	183.59	—	—	183.59
TRDCL	—	—	601.00	—	601.00
OTHERS	—	141.44	0.45	—	141.89
	22.22	325.03	601.45	—	948.70
Trade Payables					
ITUAL	—	2.04	—	—	2.04
	—	2.04	—	—	2.04
Trade Receivables					
TRDCL	—	—	183.35	—	183.35
	—	—	183.35	—	183.35
Transactions					
Administrative and general expenses					
IFIN	—	90.73	—	—	90.73
ILFS	274.57	—	—	—	274.57
IMICL	—	92.58	—	—	92.58
OTHERS	—	23.82	0.79	—	24.61
	274.57	207.14	0.79	—	482.50
Borrowings					
ILFS	8.56	—	—	—	8.56
	8.56	—	—	—	8.56
Dividend on Equity					
ILFS	0.48	—	—	—	0.48
	0.48	—	—	—	0.48
Director Remuneration					
Mr K Ramchand—Managing Director	—	—	—	77.07	77.07
Mr Mukund Sapre—Executive Director	—	—	—	24.04	24.04
	—	—	—	101.11	101.11
Dividend Paid					
IFIN	—	9.76	—	—	9.76
ILFS	540.00	—	—	—	540.00
	540.00	9.76	—	—	549.76
Finance charges					
ILFS	3.03	—	—	—	3.03
ITCL	—	6.00	—	—	6.00
IUIML	—	1.45	—	—	1.45
OTHERS	—	0.05	—	—	0.05
	3.03	7.50	—	—	10.53
Intangible assets under development					
IFIN	—	97.94	—	—	97.94
ILFS	16.53	—	—	—	16.53
OTHERS	—	0.63	—	—	0.63
	16.53	98.58	—	—	115.11

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Inter-corporate deposits—matured					
ILFS	490.48	—	—	—	490.48
	490.48	—	—	—	490.48
Inter-corporate deposits—placed					
ILFS	650.48	—	—	—	650.48
	650.48	—	—	—	650.48
Interest Income					
ILFS	14.26	—	—	—	14.26
TRDCL	—	—	84.17	—	84.17
OTHERS	—	0.29	—	—	0.29
	14.26	0.29	84.17	—	98.72
Interest on Loans (Expense)					
ILFS	417.61	—	—	—	417.61
ISSL	—	142.38	—	—	142.38
ITUAL	—	41.44	—	—	41.44
	417.61	183.81	—	—	601.43
Lendings					
TRDCL	—	—	150.00	—	150.00
	—	—	150.00	—	150.00
Mobilisation Advance recovered					
ITUAL	—	31.68	—	—	31.68
	—	31.68	—	—	31.68
Operating expenses					
ILFS	21.90	—	—	—	21.90
ITUAL	—	450.37	—	—	450.37
OTHERS	—	0.04	—	—	0.04
	21.90	450.40	—	—	472.31
Operating Expenses (Other than Construction Cost)					
IEISL	—	2.41	—	—	2.41
	—	2.41	—	—	2.41
Other Income					
A4 CONCESSION	5.77	—	—	—	5.77
OTHERS	—	—	0.15	—	0.15
	5.77	—	0.15	—	5.92
Redemption on NCD					
ILFS	36.00	—	—	—	36.00
	36.00	—	—	—	36.00
Purchase of goods					
IETS	—	0.20	—	—	0.20
	—	0.20	—	—	0.20
Rent Expense					
Mr K Ramchand—Managing Director	—	—	—	5.01	5.01
Mr Mukund Sapre—Executive Director	—	—	—	2.25	2.25
	—	—	—	7.26	7.26
Repayment of Borrowings					
ILFS	5.29	—	—	—	5.29
IFIN	—	1,000.00	—	—	1,000.00
ISSL	—	5,000.00	—	—	5,000.00
	5.29	6,000.00	—	—	6,005.29

<u>Particulars</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Associates</u>	<u>Key Management personnel and relatives</u>	<u>Total</u>
Short-term Borrowings					
ILFS	—	1,000.00	—	—	1,000.00
IFIN	—	5,000.00	—	—	5,000.00
ISSL	—	6,000.00	—	—	6,000.00
Repayment of Lendings					
TRDCL	—	—	5.10	—	5.10
	—	—	5.10	—	5.10
Revenue from Operations					
A4 CONCESSION	—	—	43.43	—	43.43
APEL	—	—	53.30	—	53.30
TRDCL	—	—	29.13	—	29.13
	—	—	125.86	—	125.86

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