IL&FS | Transportation

IL&FS Transportation Networks Limited
IL&FS Financial Centre,
Plot C-22, G Block,
Bandra Kurla Complex,
Mumbai - 400 051.
INDIA
T +91 22 2653 3333
F +91 22 2653 3295
W www.itnlindia.com
CIN L45203MH2000PLC129790

August 4, 2015

General Manager,
Listing Department,
BSE Limited,
P.J. Tower, Dalal Street,
Mumbai 400 001
Fax Nos: 022- 22722037/39/41/61
022-22723121/3719/1278/1557/3354
/3577

Scrip Code No: 533177

Vice President,
Listing Department,
National Stock Exchange of India Limited
'Exchange Plaza', Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Fax Nos. 022-26598237/38,
022-26598347/48

Scrip Code No: IL&FSTRANS EQ

Dear Sirs,

Re: Submission of Annual Report 2014-15

Please find attached Form A alongwith the Annual Report of the Company for the Financial Year 2014-15

The physical copy of Form A alongwith 6 copies of the Annual Report is being sent separately

Thank you

Yours faithfully,

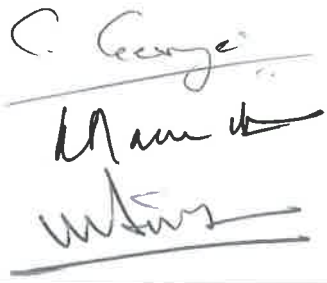
IL&FS Transportation Networks Limited

Krishna Ghag
Vice President &
Company Secretary

Encl: As above

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	IL&FS Transportation Networks Limited
2.	Annual standalone financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Emphasis of Matter paragraph (as reproduced below) **Emphasis of Matter** Attention is invited to Note 40 of the standalone financial statements, regarding an amount of Rs.2,352.70 million included in the Revenue from Operations for the year ended March 31, 2015 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. Our opinion is not modified in this regard. For the relevant Notes in the Standalone Financial Statements – Refer Annexure I
4.	Frequency of observation	EOM in the Auditor's Report on the Annual Standalone Financial Statements has been given for the first time.
5.	(i) Mr. George Cherian, Chief Financial Officer (ii) Mr. K. Ramchand, Managing Director (iii) Mr. R. C. Sinha, Chairman, Audit Committee	

Refer our Audit Report dated May 15, 2015
on the standalone financial statements of the Company
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

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

IL&FS Transportation Networks Limited MUMBAI

Annexure I to Form A (Standalone Financial Statements)

Relevant extract from the notes forming part of Standalone Financial Statements for the year ended March 31, 2015

Note 40

Revenue from Operations for the year ended March 31, 2015 includes an amount of ₹ 2,352.70 million on account of compensation claimed by ITNL from two Special Purpose Vehicles ("SPVs") 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 claims made by ITNL on the SPV's have been based on the legal opinions obtained by the SPV's, that such claims are contractually admissible under the Service Concession Agreements entered into with Concession Granting Authorities. Costs in connection with the foregoing have been considered in recognising the above income.





FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	IL&FS Transportation Networks Limited
2.	Annual consolidated financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Emphasis of Matter paragraph (as reproduced below)

Emphasis of Matters (EOM)

We draw attention to:

(i) the following elements as explained in the footnote of Note 12 and Note 13 of the consolidated financial statements in respect of Intangible Asset / Intangible asset under development under the Service Concession Arrangements determined on the basis of:

a. Technical evaluations made by experts with respect to:

1. the amortisation charge of Rs.1,220.38 Mn for the current financial year in respect of the intangible assets under Service Concession Arrangements (SCA) based on the estimated units of usage and estimated toll rates over respective concession period.

2. estimate of Rs.181.87 Mn provision for overlay expenditure for the year ended March 31, 2015 and the overlay liability as at March 31, 2015 of Rs.505.16 Mn and the timing of the same.

b. Internal evaluation by the Management with respect to the margin (construction revenue less construction costs) included in the fair value estimate of the construction services (as required by the Draft Guidance note on Service Concession Arrangements) as part of the intangible asset covered under each Service Concession Arrangements. The cumulative margin included in Intangible asset and Intangible asset under development aggregates Rs.13,398.75 Mn of which Rs.3,232.68 Mn is recognised for the year ended March 31, 2015.

(ii) the following elements as explained in the footnote of Note 19 of the consolidated financial statements in respect of Receivables against Service Concession Arrangements ("financial assets") determined on the basis of:

a. Technical evaluations made by experts with respect to future operating and maintenance costs of Rs.13,214.23 Mn and the provision for and timing of overlay / renewal costs of Rs.12,377.80 Mn considered in determining the effective interest rate for revenue recognition on financial assets covered under each Service Concession Arrangements.

b. Internal Management evaluation of the:

1. cumulative margin to arrive at the fair value estimate of the construction services (margin earned being difference between the construction revenue and construction costs) aggregates Rs.6,638.23 Mn of which Rs.534.37 Mn is recognised for the year ended March 31, 2015 for financial assets covered under each Service Concession Arrangements.

2. current year revenue of Rs.7,459.89 Mn being the finance income on the basis of the effective interest rate applied on the fair value of the construction services, future operating and maintenance costs and provision for overlay and renewal costs, considering the contractual provisions of each Service

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IL&FS Transportation Networks Limited MUMBAI

Concession Arrangement and the contracted annuities receivable over the Concession period .

(iii) Foot Note (iv) of Note 14 of the consolidated financial statements, wherein it has been stated that during the year ended March 31, 2015, an associate Company (subsidiary upto August 7, 2014) received a formal communication from the Corporate Debt Restructuring (CDR) Empowered Group with respect to it having formally exited from the CDR system on May 20, 2014. The financial statements of the associate reflect, the contribution by Government of Gujarat ("GOG") amounting to Rs.300 Mn as Advance towards Capital / Debt, liabilities towards Non-convertible Debentures ("NCDs") aggregating Rs.160 Mn and Deep Discount Bonds ("DDBs") aggregating to Rs.1,830.20 Mn. Consequent to the Company's exit from the CDR, the below mentioned items are under discussion and decisions are pending:

a. with respect to the Advances towards Capital / Debt, approval from Government of Gujarat ("GOG") to continue the classification of the advances given by GOG of Rs.300 Mn as Advance towards Capital / Debt until the repayment of DDBs and NCDs till July 2018; and

b. with respect to the acceptance of the revised terms of the NCDs and DDBs as explained below.

In the view of the Management of the associate company, the amounts payable, if any, for the aforesaid item (a) is currently unascertainable and accordingly, no liability/charge has been created in its financial statements. With respect to item (b) above, the revised terms of the NCDs / DDBs are subject to approval from the trustees for DDBs, DDB holders and NCD holders, however the Group has accounted interest cost / premium on the basis of the revised terms as approved in the Board meeting dated April 23, 2015 of the said Associate, thereby the additional interest / premium cost accounted by the associate on account of the above matter aggregates to Rs.145.50 Mn which has been debited to the Statement of Profit and Loss of the associate. The Group has recognised its share of profit of associate after considering the above additional cost.

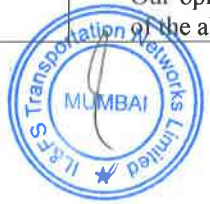
(iv)Note 42 of the consolidated financial statements, regarding an amount of Rs.2,609.30 Mn included as Income from Operations for the year ended March 31, 2015 on account of aggregate compensation claimed by the Company from two Special Purpose Vehicles ("SPVs") and by the two SPV's on the Concession 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 SPV's have been legally advised that they are contractually entitled to such claims under the Service Concession Agreements.

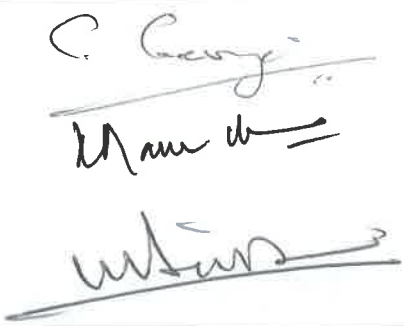
(v) Note 40 of the consolidated financial statements, wherein one of the subsidiary company's auditors' report includes an emphasis of matter drawing attention to the impact on account of additional works / revised project specifications, which have been determined based on the Management estimates and / or technical evaluation by independent experts.

(vi)Note 41 of the consolidated financial statements, wherein one of the associate company's auditors' report includes an emphasis of matter drawing attention to the appropriateness of the going concern assumption being dependent upon the Annuity and Claim receivable from Kerala Road Fund Board due to delay in the project. According to the Holding Company's Board of Directors and Management there is no additional financial impact on the consolidated financial statement owing to the above matter.

Our opinion on the consolidated financial statements is not modified in respect of the above mentioned matters from (i) to (vi).





		For the relevant Notes in the Consolidated Financial Statements – Refer Annexure I
4.	Frequency of observation	EOM given in point no. (i) and (ii) are repetitive (since the year ended March 31, 2009) EOM given in point no. (iii) to (vi) are given for the first time in the Auditor's Report on Annual Consolidated Financial Statements
5.	(i) Mr. George Cherian, Chief Financial Officer (ii) Mr. K. Ramchand, Managing Director (iii) Mr. R. C. Sinha, Chairman, Audit Committee	

Refer our Audit Report dated May 15, 2015
on the consolidated financial statements of the Company
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)



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

Relevant extracts from the Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2015

Note 12: Short-term provisions

₹ in million

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Provision for employee benefits (net)	306.44		362.84	
(b) Provision for premium on preference shares of subsidiary	-		60.00	
(c) Provision for tax (net of advance)	328.64		338.91	
(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	788.63		305.11	
(g) Provision for tax on proposed dividend on Preference shares	160.55		51.85	
(h) Proposed dividend on equity shares	997.71		990.74	
(i) Provision for tax on proposed dividend on equity shares	243.76		234.33	
(j) Provision for overlay (refer foot note no. i)	13.71	2,839.44	96.42	2,446.23
Total		**2,839.44**		**2,446.23**

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 recognized 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:

₹ in million

Particulars	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
Opening balance	**326.98**	**96.42**	**388.67**	**387.62**
Adjustment for foreign exchange fluctuation during the year	(6.49)	-	22.36	-
Adjustment for reclassification during the year	-	-	(118.16)	118.16
Adjustment for conversion of subsidiary to associate		(61.50)	-	-
Utilised for the year	-	(32.12)	-	(134.59)
Provision reversed during the year	-	-	(92.96)	(287.87)
Provision made during the year	170.96	10.91	127.07	13.10
Closing balance	**491.45**	**13.71**	**326.98**	**96.42**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

IL&FS Transportation Networks Limited MUMBAI

Note 13: Fixed assets - Current year

₹ in million

	Particulars	Gross Block (at cost)					Depreciation and Amortisation					Net Block
		Balance as at April 1, 2014	Adjustments / Reclassifications (Refer Foot Note iii)	Additions	Deletions	Balance as at March 31, 2015	Balance as at April 1, 2014	Adjustments / Reclassifications (Refer Foot Note iii)	Charge for the year (refer foot note i)	Deletions	Balance as at March 31, 2015	Balance as at March 31, 2015
a)	**Tangible assets**											
	Land	24.34	(3.41)	3.06	-	**23.99**	-	-	-	-	-	**23.99**
	Building and structures	377.01	(45.85)	45.06	0.10	**376.12**	62.57	(8.20)	16.35	-	70.72	**305.40**
	Vehicles	1,413.19	(138.85)	109.37	24.86	**1,358.85**	1,188.99	(129.68)	50.93	19.33	1,090.91	**267.94**
	Data processing equipments	178.84	(30.25)	23.59	1.40	**170.78**	139.17	(27.18)	26.18	0.70	137.47	**33.31**
	Office premises	50.30	(6.76)	-	-	**43.54**	3.42	(2.11)	0.81	-	2.12	**41.42**
	Office equipments	108.67	(6.69)	28.91	3.59	**127.30**	68.12	(3.67)	15.55	2.13	77.87	**49.43**
	Leasehold improvements	21.72	-	-	-	**21.72**	15.37	-	2.03	-	17.40	**4.32**
	Furniture and fixtures	355.28	(24.72)	9.05	3.12	**336.49**	278.00	(27.39)	22.13	0.78	271.96	**64.53**
	Electrical installations	169.28	(31.52)	14.74	0.12	**152.38**	143.23	(25.92)	4.17	0.08	121.40	**30.98**
	Plant and machinery	2,858.79	(471.25)	264.84	25.73	**2,626.65**	2,418.92	(435.71)	(0.95)	8.22	1,974.04	**652.61**
	Advertisement structure	11.67	-	-	-	**11.67**	11.66	-	-	-	11.66	**0.01**
	Assets taken on lease :											
	Plant and machinery	142.12	(31.86)	6.83	-	**117.09**	84.12	(16.51)	(9.78)	-	57.83	**59.26**
	Vehicles	40.55	(13.23)	4.02	-	**31.34**	17.59	(6.73)	0.04	-	10.90	**20.44**
	Furniture and fixtures	8.11	(1.48)	-	-	**6.63**	6.98	(1.25)	(0.07)	-	5.66	**0.97**
	Building and structures	207.47	(25.63)	-	-	**181.84**	27.08	(3.15)	9.85	-	33.78	**148.06**
	Land	51.20	(9.34)	-	-	**41.86**	-	-	-	-	-	**41.86**
	Total	**6,018.54**	**(840.84)**	**509.47**	**58.92**	**5,628.25**	**4,465.22**	**-687.50**	**137.24**	**31.24**	**3,883.72**	**1,744.53**
b)	**Intangible assets**											
	Software / Licences acquired	328.13	(38.64)	28.01	-	**317.50**	240.25	(35.09)	38.63	-	243.79	**73.71**
	Commercial rights acquired	206.54	-	1,000.00	-	**1,206.54**	105.48	-	64.85	-	170.33	**1,036.21**
	Rights under service concession arrangements (refer foot note no. ii)	50,915.99	22,056.38	34.47	-	**73,006.84**	2,906.68	(451.89)	1,220.38	-	3,675.17	**69,331.67**
	Trademarks and licences	2.29	(0.42)	-	-	**1.87**	2.29	(0.42)	-	-	1.87	-
	Others	488.42	21.51	-	-	**509.93**	232.80	(37.97)	101.05	-	295.88	**214.05**
	Total	**51,941.37**	**22,038.83**	**1,062.48**	**-**	**75,042.68**	**3,487.50**	**(525.37)**	**1,424.91**	**-**	**4,387.04**	**70,655.64**
	Grand total	**57,959.91**	**21,197.99**	**1,571.95**	**58.92**	**80,670.93**	**7,952.72**	**(1,212.87)**	**1,562.15**	**31.24**	**8,270.76**	**72,400.17**
c)	**Capital work-in-progress**	**496.53**	**(417.00)**	**106.64**	**-**	**186.17**	**-**	**-**	**-**	**-**	**-**	**186.17**
d)	**Intangible assets under development (refer foot note no. ii and iv)**	**84,861.90**	**(26,522.04)**	**34,916.66**	**-**	**93,256.52**	**-**	**-**	**-**	**-**	**-**	**93,256.52**
	Grand Total	**143,318.34**	**(5,741.05)**	**36,595.25**	**58.92**	**174,113.62**	**7,952.72**	**(1,212.87)**	**1,562.15**	**31.24**	**8,270.76**	**165,842.86**





Foot Note:

i Depreciation on assets used during the construction period ₹ 1.70 million (previous year ₹ 1.13 million) has been included in "Capital Work in Progress" and credit impact of change of depreciation policy of ₹ 39.23 million (previous year ₹ Nil million) has been included in depreciation charge to the statement of profit and loss. 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**

Estimates under Service Concession Arrangements
Under Service Concession Arrangement (SCA), where a Special Purpose Vehicle (SPV) has received the right to charge users of a public service, such rights are recognized and classified as "Intangible Assets". Such a right is an unconditional right to receive consideration however the amounts are contingent to the extent that the public uses the service.
The book value of such an Intangible Asset is recognized by the SPV at the fair value of the constructed asset which comprises of the actual construction cost plus the margins as per the SCA.
The Intangible Asset is amortised on the basis of units of usage method over the lower of the remaining concession period or useful life of such intangible asset, in terms of each SCA.
Estimates of margins are based on internal evaluation by the management. Estimates of units of usage, toll rates, contractual liability for overlay expenditure and the timing of the same are based on technical evaluations and / or traffic study estimates by external agencies.
These factors are consistent with the assumptions made in the previous years
The key elements have been tabulated below:

₹ in million

Particulars	Upto / As at March 31, 2015	Upto / As at March 31, 2014
Cumulative Margin on construction in respect of Intangible Assets / Intangible Assets under development	13,398.75	10,166.07
	Year ended	
	March 31, 2015	March 31, 2014
Amortisation charge in respect of intangible assets	1,220.38	1,039.29

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 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. :

₹ in million

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Till March 31, 2015	Till March 31, 2014
Revenue				
Toll Revenue	1,748.85	450.62	2,199.47	450.62
Other revenue	0.09	-	0.09	-
Expenses				
Operating & maintenance and other general expenses	325.07	56.71	381.78	56.71
Interest & finance cost	2,408.84	690.62	3,099.46	690.62
Total expenses	2,733.91	747.33	3,481.24	747.33

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IL&FS Transportation Networks Limited MUMBAI

Note 14: Non-current investments

₹ in million

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) i) Investments in Unquoted Equity Instruments - Associates				
Investments in associates	2,446.77		1,262.02	
Less: Unrealised gain on transactions between the Company and its associates	(115.54)		(158.15)	
Add: Post-acquisition share of profit of associates (net)	496.36		434.06	
Add: Post-acquisition share of movement in the other reserves of an associate (net)	512.03		452.48	
Less: Cash flow hedge reserve	(519.77)	2,819.85	(491.52)	1,498.89
(b) Investments in Unquoted Equity Instruments (refer footnote ii)		188.74		189.75
(c) Investments in Covered Warrants (refer foot note no. i)		1,943.00		1,693.00
(d) Investment in Non Convertible Debentures		320.00		320.00
(e) Investment Property		1,153.02		1,153.02
Less: Provision for diminution in the value of Investments		-		(179.00)
Total		**6,424.61**		**4,675.66**

Foot Note:

(i) The Company's "Investment in Covered Warrants" aggregating to ₹ 1,943.00 million (As at March 31, 2014 ₹ 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 / debenture holder. 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.

(iii) During the year ended March 31, 2013, the Company had exercised an option available vide an Agreement entered into by it, by virtue of which it has become entitled to 49,555 sq. ft. area in a commercial development project in lieu of the outstanding balance of advance given of ₹ 1,118.46 million (including interest accrued of ₹ 127.68 million). The Company has received letter of allotment for the above mentioned area. Thus, the amount has been transferred from "Loans to others" and "Interest accrued but not due" to "Investment property" (including an advance of ₹ 14.19 million given during the year). The fair value of the amount of advances and the interest accrued thereon amounting to ₹ 1,118.46 million has been considered to be the cost of acquisition of the said investment property. Also, the Company had paid ₹ 34.56 million towards incidental expenses in relation to conversion which has been added to the carrying value of the investment property. The said property has been provided as security to one of the lenders. Subsequently the Company has been allotted designated commercial area of 49,555 sq.ft. in the said project vide letter dated May 22, 2015.

(iv) During the year ended March 31, 2015, an associate Company (subsidiary upto August 7, 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 financial statements of the associate reflect, contribution by Government of Gujarat ("GOG") amounting to ₹ 300 million as Advance towards Capital / Debt, liabilities towards Non-convertible Debentures ("NCDs") aggregating ₹ 160 million and Deep Discount Bonds ("DDBs") aggregating to ₹ 183.02 million. Consequent to the Company's exit from the CDR on May 20, 2014, the below mentioned items are under discussion / pending:

a. With respect to the Advances towards Capital / Debt, approval from Government of Gujarat ("GOG") to continue the classification of the advances given by GOG of ₹ 300 million as Advance towards Preference Capital; until the repayment of DDBs and NCDs; and

b. Revised terms of the NCDs & DDBs.

In the view of the Management of the associate company, the amounts payable, if any, for the aforesaid item (a) is currently unascertainable and accordingly, no liability/charge has been created in its financial statements. With respect to item (b) above, the revised terms of the NCDs / DDBs are subject to approval from the trustees for DDBs, DDB holders and NCD holders are awaited, however the Group has accounted interest cost / premium on the basis of the revised terms as approved in the Board meeting dated April 23, 2015 of the said Associate.





Note 19: Other current assets

₹ in million

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Unbilled revenue	433.52		9.62	
(b) Interest accrued	1,070.32		661.30	
(c) Receivables against Service Concession Arrangement (refer foot note no. i)	5,576.87		5,017.04	
(d) Balances with Banks in deposit accounts (Lien)	1,617.90		425.00	
(e) Unamortised borrowing costs	488.45		188.89	
(f) Receivable towards sale of investment	655.00		-	
(g) Receivable due to fair valuation of derivative contract	80.32		-	
(h) Grant receivable	118.42		637.50	
(i) Other current assets	48.98		28.69	
		10,089.78		6,968.04
Total		**10,089.78**		**6,968.04**

Foot Note:

(i) Estimates under Service Concession Arrangement - Financial assets

Under a Service Concession Arrangement (SCA), where a Special Purpose Vehicle (SPV) has acquired contractual rights to receive specified determinable amounts (Annuity) for use of an asset, such amounts are recognised as "Financial Assets" and are disclosed as "Receivable against Service Concession Arrangements"

The value of a Financial Asset covered under a SCA includes the fair value estimate of the construction services which is estimated at the inception of the contract and is based on the fair value of the constructed asset and comprises of the actual construction cost, a margin as per the SCA, estimates of the future operating and maintenance costs, including overlay / renewal costs

The cash flows from a Financial Asset commences from the Provisional / Final Commercial Operation Date as certified by the granting authority for the SCA.

The cash flow from a Financial Asset is accounted using the effective interest rate method. The intrinsic interest element in each Annuity receipt is accounted as finance income and the balance amount is accounted towards recovery of dues from the "Receivable against Service Concession Arrangements"

These factors are consistent with the assumptions made in the previous years

The key elements have been tabulated below:

₹ in million

Particulars	As at March 31, 2015	As at March 31, 2014
Cumulative Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets	6,638.23	6,103.86
Future Operation and maintenance and renewal services considered in respect of Financial Assets	25,592.03	26,176.72
Revenue recognised on Receivables against Service Concession Arrangement on the basis of effective interest method	28,005.18	20,545.29

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IL&FS Transportation Networks Limited MUMBAI

(40) During the year ended March 31, 2015, one of the subsidiary companies has increased the construction cost of the project from ₹ 2,022.50 million to ₹ 2,922.50 million and accordingly entered into a supplemental development agreement of ₹ 900 million with the existing contractor for executing additional works/ revised project specifications. The 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 financial statements do not include impact, if any for the anticipated increase in annuities.

(41) In respect of one of the Associate whose carrying value is ₹ Nil in the Consolidated Financial Statement, Auditor has provided an Emphasis of Matter on the appropriateness of the going concern assumption being dependent upon the Annuity and Claim receivable from Kerala Road Fund Board due to delay in the project. According to the Management there is no additional financial impact on the consolidated financial statement owing to the above matter.

(42) Revenue from Operations for the year ended March 31, 2015 includes an amount of ₹ 2,609.30 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 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.



