

**IPL USA LLC**

**ANNUAL REPORT**

**2014-15**

# Deloitte Haskins & Sells LLP

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## INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF

#### I IPL USA LLC

We have audited the accompanying special purpose financial statements of **I IPL USA LLC** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information as per Group Referral Instruction. The special purpose financial statements have been prepared by the Management of the Company based on Group Referral Instructions (GRI) dated **March 24, 2015** issued by the Management of IL&FS Transportation Networks Limited (ITNL) ("Parent Company").

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

The Company's Board of Directors is responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the accounting policies as mentioned in the GRI and in accordance with the format of financial statements as given in the GRI. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose 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 special purpose financial statements based on our audit. We have taken into account the provisions of the accounting and auditing standards.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the special purpose 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements give a true and fair view of state of affairs of the Company as at March 31, 2015, and of its result of operations and its cash flows for the year ended March 31, 2015 in accordance with the accounting principles generally accepted in India and GRI.

### **Emphasis of Matter**

We draw attention to the fact that these special purpose financial statements have been prepared on the basis that the Company is a going concern although the accumulated losses exceed 50% of its Paid-up Share Capital as at March 31, 2015. The Management's reasons for preparing the special purpose financial statements on a going concern basis are given in Note 1(IA) of the special purpose financial statements.

### **Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 1 (IB) to the special purpose financial statements which describes the basis of accounting. The special purpose financial statements have been prepared for inclusion in the consolidated financial information of



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Parent Company. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Company, the Parent Company and the auditors of the Parent Company for their consideration into the audit of Consolidated Financial Statements and should not be distributed to or used by parties other than the Company, the Parent Company and the auditors of the Parent Company.

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



Kalpesh J. Mehta  
Partner  
(Membership no: 48791)

**MUMBAI, May 06, 2015**  
**KJM/NDU**


Special Purpose Financial Statements  
IPL USA LLC  
Balance Sheet as at March 31, 2015

Equivalent ₹

	Particulars	Note	As at		As at	
			March 31, 2015		March 31, 2014	
I	<b>EQUITY AND LIABILITIES</b>					
1	<b>SHAREHOLDERS' FUNDS</b>					
	(a) Share capital	2	62,243,000		62,243,000	
	(b) Reserves and surplus	3	(51,582,577)	10,660,423	(3,236,992)	59,006,008
2	<b>CURRENT LIABILITIES</b>					
	(a) Trade Payable		1,212,980		-	
	(b) Other current liabilities	4	1,071,617	2,284,597	-	-
	<b>TOTAL</b>			<b>12,945,020</b>		<b>59,006,008</b>
II	<b>ASSETS</b>					
1	<b>NON CURRENT ASSETS</b>					
	(a) Long-term loans and advances (net)	5		638,426		-
2	<b>CURRENT ASSETS</b>					
	(a) Cash and cash equivalents	6	12,306,594		58,672,430	
	(b) Short-term loans and advances	7	-	12,306,594	333,578	59,006,008
	<b>TOTAL</b>			<b>12,945,020</b>		<b>59,006,008</b>

Notes 1 to 14 form part of the special purpose financial statements

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

  
Kalpesh J. Mehta  
Partner

Mumbai  
Date :

For and on behalf of the Board

  
Director

  
Director

 Date :

Special Purpose Financial Statements  
 IIPL USA LLC  
 Statement of Profit and Loss for the Year ended March 31, 2015

Equivalent ₹

	Particulars	Note	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
I	Revenue from operations		-	-
II	Other income		41,357	-
III	<b>Total revenue (I + II)</b>		<b>41,357</b>	<b>-</b>
IV	<b>Expenses</b>			
	Employee benefits expense	8	24,121,127	-
	Administrative and general expenses	9	25,537,125	1,101,111
	<b>Total expenses (IV)</b>		<b>49,658,252</b>	<b>1,101,111</b>
VI	<b>Loss for the Year</b>		<b>(49,616,895)</b>	<b>(1,101,111)</b>
	Earnings per equity share (Face value per share USD 1/-)	10		
	(1) Basic		(49.62)	(2.85)
	(2) Diluted		(49.62)	(2.85)

Notes 1 to 14 form part of the special purpose financial statements

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



Kalpesh J. Mehta  
 Partner

Mumbai  
 Date :

For and on behalf of the Board



Director



Director



Date :

Special Purpose Financial Statements  
 I IPL USA LLC  
 Cash Flow Statement for the year ended March 31, 2015

Equivalent ₹

Particulars	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
<b>Cash Flow from Operating Activities</b>		
Loss Before Taxes	(49,616,895)	(1,101,111)
<b>Operating Loss before Working Capital Changes</b>	(49,616,895)	(1,101,111)
<b>Adjustments changes in working capital:</b>		
Increase in Current Assets and Loans and Advances	(284,293)	(333,578)
Increase in liabilities (current and non current)	2,231,777	
<b>Net Cash used in Operating Activities (A)</b>	(47,669,411)	(1,434,689)
<b>Cash flow from Investing Activities</b>		
Net Cash used in Investing Activities (B)	-	-
<b>Cash flow from Financing Activities</b>		
Proceeds from Issue of Shares	-	62,243,000
<b>Net Cash generated from Financing Activities (C)</b>	-	62,243,000
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	(47,669,411)	60,808,311
Cash and Cash Equivalent at the beginning of the year	58,672,430	-
(+)(-) Impact of forex differences(gain)	1,303,575	(2,135,881)
Cash and Cash Equivalent at the end of the Year	12,306,594	58,672,430
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	(47,669,411)	60,808,311

Components of Cash and Cash Equivalents		
Cash on hand	-	-
Balances with Banks in current accounts	12,306,594	58,672,430
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>12,306,594</b>	<b>58,672,430</b>

Notes 1 to 14 form part of the special purpose financial statements

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

For and on behalf of the Board



Kalpesh J. Mehta  
 Partner

  
 Director

  
 Director

Mumbai  
 Date :



Date :

**Special Purpose Financial Statements**

**IPL USA LLC**

**Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015**

**Note 1 : Significant Accounting Policies**

**IA Company and Operations**

IPL USA LLC, was incorporated as a 100% subsidiary of ITNL International Pte Ltd., (IPL) in USA on 11th November 2013. The Company has been formed to conduct all lawful business activities chosen by its management.

During the year, the Company has incurred losses aggregating ₹ 49,616,895 (Previous year accumulated loss equivalent to ₹ 1,101,111), resulting in accumulated losses of ₹ 50,718,006 as on March 31, 2015. In spite of these accumulated losses eroding the net worth, the special purpose financial statements have been prepared on going concern basis due to the following reasons:

- (i) The Company is assured of continuing operational and financial support from its holding company, ITNL vide its letter dated March 31, 2015
- (ii) The Company is bidding for road maintenance projects in The United States of America as a part of its growth in business.

**IB Basis for preparation of Financial Statements**

The primary books of account of the Company are prepared and maintained as per the Local GAAP. These Special Purpose Financial Statements have been specifically prepared in accordance with the Accounting Principles Generally Accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies followed in the preparation and presentation of the Special Purpose Financial Statements are consistent with those followed by IL&FS Transportation Networks Limited ("ITNL") (the Intermediate Holding Company) i.e. the accounting principles generally accepted in India and also the accounting policies given in the Group Referral Instructions issued by ITNL. The functional currency of the Company is USD.

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

**II Use of estimates**

The preparation of special purpose financial statements requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as of the date of the special purpose financial statements and the reported Income and Expenses during the reporting period. Management believes that the estimates used in the preparation of the special purpose financial statements are prudent and reasonable. Actual results could differ from these estimates.

**III Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

**IV Foreign Currency Transactions**

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

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

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

**V 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.

**VI Cash Flow Statement**

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

**VII Earnings per Share**

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

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

**VIII Employee Benefits**

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

**XII 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.





Special Purpose Financial Statements

IPL USA LLC

Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015

Note 2: Share capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Equivalent ₹	Number	Equivalent ₹
<b>Authorised</b>				
Equity Shares of US\$ 1/- each	1,000,000	NOT APPLICABLE	1,000,000	NOT APPLICABLE
<b>Issued, Subscribed and allotted</b>				
Equity Shares of US\$ 1/- each fully paid (refer note no I and II)	1,000,000	62,243,000	1,000,000	62,243,000
<b>Total</b>	<b>1,000,000</b>	<b>62,243,000</b>	<b>1,000,000</b>	<b>62,243,000</b>

Foot Notes:

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Equity Shares		Equity Shares	
	No. of Shares	Equivalent ₹	No. of Shares	Equivalent ₹
Shares outstanding at the beginning of the year	1,000,000	62,243,000	-	-
Shares issued during the year			1,000,000	62,243,000
Shares outstanding at the end of the year	1,000,000	62,243,000	1,000,000	62,243,000

ii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
ITNL International Pte. Ltd, Singapore	1,000,000	100%	1,000,000	100%
<b>Total</b>	<b>1,000,000</b>	<b>100%</b>	<b>1,000,000</b>	<b>100%</b>

Note 3: Reserves and surplus

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Foreign currency translation reserve</b>				
Opening balance	(2,135,881)		-	
(+) Created during the year	1,271,310	(864,571)	(2,135,881)	(2,135,881)
<b>(b) Surplus in Statement of Profit and Loss</b>				
Opening balance	(1,101,111)		-	
(+) Loss for the current Year	(49,616,895)	(50,718,006)	(1,101,111)	(1,101,111)
<b>Total</b>		<b>(51,582,577)</b>		<b>(3,236,992)</b>



SPECIAL PURPOSE FINANCIAL STATEMENTS

IPL USA LLC

Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015

Note 4: Other current liabilities

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Other current liabilities	1,071,617	-
<b>Total</b>	<b>1,071,617</b>	<b>-</b>



SPECIAL PURPOSE FINANCIAL STATEMENTS

IPL USA LLC

Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015

Note 5: Long-term loans and advances

Equivalent ₹

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Security Deposits Unsecured, considered good	638,426	-
<b>Total</b>	<b>638,426</b>	<b>-</b>

Note 6: Short-term loans and advances

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Other loans and advances Unsecured, considered good	-	333,578
<b>Total</b>	<b>-</b>	<b>333,578</b>

Note 7: Cash and cash equivalents

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents Balances with Banks in current accounts	12,306,594	58,672,430
<b>Total</b>	<b>12,306,594</b>	<b>58,672,430</b>



Special Purpose Financial Statements

IPL USA LLC

Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015

Note 8: Employee benefit expenses

Equivalent ₹

Particulars	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
(a) Salaries, Wages and allowances	24,121,127	-
<b>Total</b>	<b>24,121,127</b>	<b>-</b>

Note 9: Administrative and general expenses

Equivalent ₹

Particulars	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
Legal and consultation fees	9,378,818	1,101,111
Rent	4,124,274	-
Rates and taxes	150,742	-
Business Promotion expenses	470,865	-
Communication Expenses	648,360	-
Bank Charges	100,887	-
Printing and stationery	988,732	-
Travelling and conveyance	8,653,520	-
Miscellaneous expenses	1,020,927	-
<b>Total</b>	<b>25,537,125</b>	<b>1,101,111</b>



**SPECIAL PURPOSE FINANCIAL STATEMENTS****IPL USA LLC****Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015****Note 10: Earnings per equity share**

Equivalent ₹

Particulars	Unit	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
Loss for the period	Equivalent ₹	(49,616,895)	(1,101,111)
Weighted average number of Equity Shares	Numbers	1,000,000	386,301
Nominal Value of equity shares	USD	1	1
Basic Earnings per share	Equivalent ₹	(49.62)	(2.85)
Equity shares used to compute diluted earnings per	Numbers	1,000,000	386,301
Diluted Earnings per share	Equivalent ₹	(49.62)	(2.85)



**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**I IPL USA LLC**

**Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015**

**Note 11: Related Party Disclosure**

**Current Period**

a Name of related parties and description of relationship

Nature of Relationship	Name of Entity	Equivalent
		Acronym used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited	IL&FS
Immediate Holding Company	ITNL International Pte. Ltd., Singapore	I IPL
Intermediate Holding Company	IL&FS Transportation Networks Limited	ITNL

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

Account head	Name of Entity	As at March 31, 2015	As at March 31, 2014
<b>Balances:</b>			
	NIL	NIL	NIL
Account head	Name of Entity	For the Year ended March 31, 2015	For the Period November 11, 2013 to March 31, 2014
<b>Transactions:</b>	NIL	NIL	NIL



**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**IPL USA LLC**

Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015

**Note 12: Contingent liabilities :**

Equivalent ₹

Sr No	Name of party	Description	Equivalent ₹
1	Nil	Guarantees issued on behalf of Group Companies	Nil
2		Guarantees issued on behalf of other than Group Companies	
3		Guarantees / counter guarantees issued in respect of borrowing facilities of foreign subsidiary companies	
4		Claims against the Group not acknowledged as debt	
5		Income tax demands contested by the Company	
6		Other tax demands contested by the Company	
		- Service tax	
		- VAT	
		- Others (Please give description)	
7		Others (Please give description)	

**B) Financial commitments pending to be executed :**

Equivalent ₹

Sr No	Name of party	Description	Equivalent ₹
1		NIL	-

**C) Other commitments pending to be executed :**

Equivalent ₹

Sr No	Name of party	Description	Equivalent ₹
1		NIL	-

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

Equivalent ₹

Sr No	Name of party	Description	Equivalent ₹
1		Estimated amount of contracts remaining on capital account and not provided for. [Net of advances paid of Rs.Nil; ; (As at March 31, 2014 Rs.Nil) ]	NIL



**Special Purpose Financial Statements**

**I IPL USA LLC**

**Notes forming part of the Special Purpose Financial Statements for the Year ended March 31, 2015**

**Note 13 : Segment Information**

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

**Note 14: Previous period / year**

The Company was incorporated on November 11, 2013 and hence the previous corresponding period is November 11, 2013 to March 31, 2014 and strictly not comparable with current period.

For and on behalf of the Board

  
Director

  
Director

Date :

