

July 17, 2013

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

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: 533177

Scrip Code No: IL&FSTRANS EQ

Dear Sirs,

Re: Submission of Annual Report 2012-2013

Please find attached Form A alongwith the Annual Report of the Company for the Financial Year 2012-13

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

Thank you

Yours faithfully,

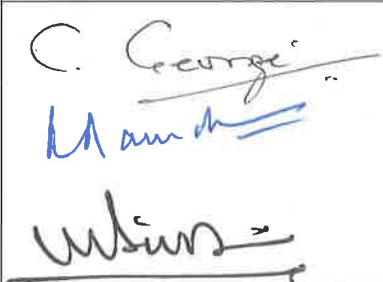
IL&FS Transportation Networks Limited


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

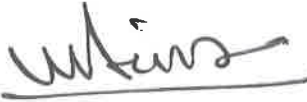
1.	Name of the Company:	IL&FS Transportation Networks Limited
2.	Annual stand-alone financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	☐ Mr. George Cherian, Chief Financial Officer ☐ Mr. K. Ramchand, Managing Director ☐ Mr. R. C. Sinha, Chairman, Audit Committee	

Refer our Audit Report dated May 7, 2013
on the standalone financial statements of the Company
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)


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

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, 2013
3.	Type of Audit observation	Emphasis of Matter paragraph (as reproduced below) “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.” For the relevant Notes in the Consolidated Financial Statements – Refer Annexure I
4.	Frequency of observation	Repetitive (since the year ended March 31, 2009)
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 7, 2013
on the consolidated financial statements of the Company
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)


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

Annexure I to Form A (Consolidated Financial Statements)

Relevant extracts from the Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

“Note 13: Fixed assets

Particulars	Gross Block (at cost)				Depreciation and Amortisation			Net Block	
	Balance as at April 1, 2012	Adjustments / Reclassifications (Refer footnote iii)	Additions	Deletions	Balance as at March 31, 2013	Adjustments / Reclassifications (Refer footnote iii)	Charge for the year (refer footnote i)	Deletions	Balance as at March 31, 2013
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
Vehicles	1,076.99	80.72	107.41	13.58	1,251.54	848.49	61.61	102.43	1,001.41
Data processing equipments	139.72	(11.89)	14.59	0.35	142.07	103.90	(7.20)	15.02	111.50
Office premises	11.52	-	35.23	-	46.75	2.10	-	0.48	44.17
Office equipments	81.64	(1.20)	8.55	1.23	87.78	46.25	(1.58)	10.25	53.81
Leasehold improvements	12.45	-	6.84	-	19.29	8.17	-	4.94	13.11
Furniture and fixtures	277.78	10.64	14.68	0.43	302.87	157.30	5.24	40.54	202.78
Electrical installations	98.59	22.48	3.61	7.11	117.57	96.65	10.80	12.15	116.50
Plant and machinery	1,924.31	272.37	99.38	17.08	2,278.98	1,653.02	186.64	103.99	1,930.85
Advertisement structure	24.80	(7.95)	-	-	16.85	19.08	(4.18)	1.52	16.42
Assets taken on lease :									
Plant and machinery	302.82	(221.85)	71.75	-	152.72	178.82	(135.95)	26.14	69.01
Vehicles	125.83	(72.41)	4.07	-	57.49	64.53	(42.92)	8.97	30.58
Building and structures	169.96	2.79	14.22	0.02	186.95	16.90	0.44	3.44	20.76
Land	28.89	0.62	13.72	-	43.23	-	-	-	43.23
Total	4,473.31	80.92	513.80	39.80	5,028.03	3,221.68	76.93	342.60	3,612.54
b) Intangible assets									
Software / Licences acquired	201.50	2.80	18.93	-	223.23	151.22	2.68	19.64	173.54
Commercial rights acquired	206.54	-	-	-	206.54	53.39	-	27.01	80.40
Rights under service concession arrangements (refer footnote no. ii)	28,581.61	550.61	153.52	20.36	29,265.98	1,247.34	18.25	543.46	1,808.91
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
Total	29,173.98	568.99	180.94	20.36	29,903.55	1,561.14	23.23	602.39	2,186.62
Grand total	33,647.29	649.91	694.54	60.16	34,931.58	4,782.82	100.16	944.99	5,799.16
c) Capital work-in-progress (refer footnote no. iv)	195.20	(100.90)	397.44	15.75	475.99	-	-	-	475.99
d) Intangible assets under development (refer footnote 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	5,799.16
									96,678.22



Foot Note:

- (i) 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.
- (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 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 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	₹ in million	
	Upto / As at March 31, 2013	Upto / As at March 31, 2012
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	
	March 31, 2013	March 31, 2012
Amortisation charge in respect of intangible assets (₹ in million)	543.46	392.42



Note 19: Other current assets

Particulars	₹ in million			
	As at March 31, 2013		As at March 31, 2012	
(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	₹ in million	
	As at March 31, 2013	As at March 31, 2012
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

