

CIESM-INTEVIA S.A.U.

Annual Report

2010

70

Audit of the Component's Financial Information Clearance Memorandum

From: BERNARDO TAHOCES ACEBO

Date: May 31, 2011

Subject: Ciesm – Intevia S.A.U's Financial Information for the year ended
December 31, 2010

We have audited the financial information comprising the Balance Sheet as at December 31, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date included in the accompanying reporting package of Ciesm-Intevia S.A.U for the year ended December 31, 2010 using the Accounting Policies stipulated by the holding company, IL&FS Transportation Networks Limited, and in accordance with auditing standards generally accepted in India.

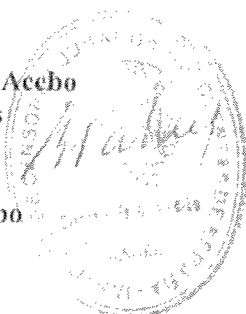
The preparation of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement is the responsibility Ciesm-Intevia S.A.U's management. As stated therein, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement has been prepared *in accordance with the recognition and measurement criteria as adopted by the Group* for inclusion in the consolidated financial information of IL&FS Transportation Networks Limited (ITNL) and are intended solely for that purpose.

Based on our audit of Ciesm-Intevia S.A.U, and read together with our comments above, in our opinion and according to the information and explanations given to us, we report that the Financial Statements comprising of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement as at / for the year ended 31 December 2010 has been prepared, in all material respects, in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, other recognised accounting practices and policies stipulated by the Holding Company, IL&FS Transportation Networks Limited (ITNL) and that the amounts contained in the Financial Statements are appropriate for inclusion in the consolidated financial ITNL as at / for the year ended 31 December 2010..

This communication is provided to you solely for the information and use in the consolidated financial statements of ITNL Group for the year ended December 31, 2010. It should not be distributed to anyone in the Group, any of its components, or any other third party.

For Bernardo Tahoces Acebo
Chartered Accountants
Nº 5625 del R.O.A.C

Bernardo Tahoces Acebo
Membership no: 5625
Date: May 31, 2011



CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
BALANCE SHEET AS AT December 31, 2010

	Schedule	Euros	As at December 31, 2010 Euros
SOURCES OF FUNDS			
Shareholders' funds			
Capital	A	120,000	
Reserves and surplus	B	(237,383)	(117,383)
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured			
Unsecured	C		551,254
Deferred tax liability	R		10,127
			<u>443,999</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		4,208,190	
Less: Depreciation	D	2,691,590	1,516,600
Net fixed assets			
Capital work in progress			
Goodwill on consolidation			-
Investments	E		939,095
Receivable under Service Concession Arrangement			-
Deferred Tax Asset	S		109,493
Current assets, loans & advances	F		
Inventories	F1	-	
Sundry debtors	F2	3,004,622	
Cash and bank balances	F3	60,340	
Other current assets	F4	-	
Loans and advances	F5	4,239,823	
		7,304,785	
Less : Current liabilities & provisions			
Current liabilities	G1	9,425,974	
Provisions	G2	-	
		9,425,974	
Net current assets			(2,121,189)
			<u>443,998</u>
Significant accounting policies	O		0
Notes to account	P		

In terms of our clearance memorandum attached.

For (Name of audit firm) *ATP/INOCAS ACC SA*
Chartered Accountants

[Name of partner]

Partner

Place:

Date:

For and on behalf of the Board

[Signature]
Managing Director

Director

Company Secretary

CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
PROFIT AND LOSS ACCOUNT THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Year ended December 31, 2010 Euros
INCOME		
Income from operations	H	3,829,430
Other Income	I	893,880
Foreign exchange fluctuation (Net)	T	(76)
		<u>4,723,234</u>
EXPENSES		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	1,826,748
Employee Cost	K	2,150,429
Administrative and general expenses	L	687,366
Interest and finance charges	M	137,342
Preliminary expenses written off		-
		<u>4,801,884</u>
PROFIT BEFORE DEPRECIATION AND TAX		(78,650)
Depreciation	W	199,861
PROFIT BEFORE DIMINUTION AND TAX		<u>(278,512)</u>
Provision for Diminution in value of investments		-
PROFIT BEFORE TAX		<u>(278,512)</u>
Provision for tax	N	87,326
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>(191,186)</u>
Less: Share of profit transferred to minority interest	V	-
Add: Own share in Associate included as Minority interest of a Jointly Controlled Entity		-
PROFIT AFTER TAX (AFTER ADJUSTMENT OF MINORITY INTREST)		<u>(191,186)</u>
Add / Less : Share of Profit / (Loss) of associates		-
PROFIT AFTER TAX		<u>(191,186)</u>
Balance of profit brought forward		-
Profit available for appropriation		(191,186)
Appropriations:		
Transfer to general reserve		-
Transfer to debenture redemption reserve		-
Proposed dividend on equity shares		-
Tax on dividend on equity shares		-
Premium on preference shares of subsidiary		-
Tax on dividend and premium on preference shares of subsidiary		-
Balance carried forward		<u>(191,186)</u>
Basic / Diluted earnings per share (Face value per share Rs. ____)		(0)
Significant accounting policies	O	
Notes to account	P	

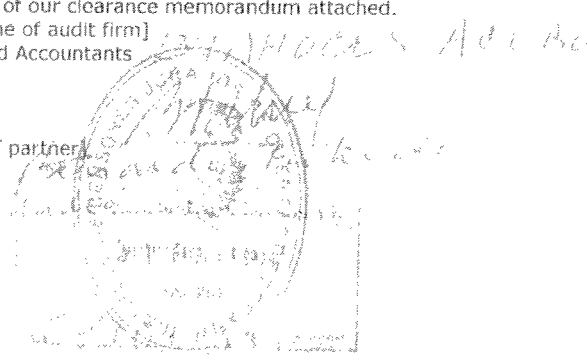
In terms of our clearance memorandum attached.

For [Name of audit firm]

Chartered Accountants

[Name of partner]
Partner

Place:
Date:



For and on behalf of the Board

Managing Director

Company Secretary

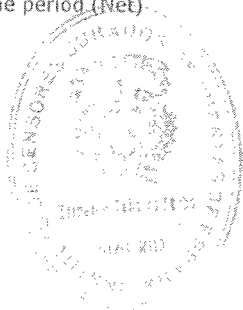
CIESM-INTEVIA, S.A.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE A : CAPITAL

	As at December 31, 2010 Euros
AUTHORISED	
Issued 12,500 equity shares of Euros 9.60 each	120,000
	<u>120,000</u>
ISSUED, SUBSCRIBED AND PAID-UP	
Suscribed and paid up 12,500 equity shares of Euros 9.60 each fully paid up	120,000
	<u>120,000</u>

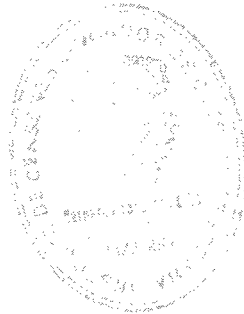
CIESM-INTEVIA, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)****SCHEDULE B : RESERVES AND SURPLUS**

	Euros	As at December 31, 2010 Euros
Securities premium account		
Balance as per last Balance Sheet	-	
Addition during the period	-	
Capital reserve		
Opening balance	-	
Transfer during the period	-	
Capital reserve on consolidation		
Opening balance	-	
Transfer during the period	-	
Other statutory reserves (created through transfer of profits)		
Opening balance	17,002	
Transfer during the period	1,779	
Debenture redemption reserve		18,781
Opening balance	-	
Addition during the period (post acquisition)	-	
General reserve		
Opening balance	-	
Add : Transfer during the period	-	
Foreign Exchange Fluctuation Reserve (Net of deferred tax asset of Rs. _____)		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Cash Flow Hedge Reserve		
Opening balance	-	
Add/(Less): Adjustment during the period (Net)	-	
Balance in Profit and loss account		(256,164)
Total reserves and surplus		(237,383)



CIESM-INTEVIA, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010****SCHEDULE C : LOAN FUNDS**

	As at December 31, 2010 Euros
SECURED	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	98,468
Interest accrued and due	-
Total secured loans	<u>98,468</u>
UNSECURED	
From Bank	
Short term loans	38,915
Other than short term loans	413,872
From Others	
Short term loans	-
Other than short term loans	492,805
Non-Covertible Debentures	-
Interest accrued and due	-
Total unsecured loans	<u>945,591</u>
Total loan funds	<u><u>1,044,059</u></u>



CIESM-INTEVIA, S.A.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&F'S TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

Schedule D : FIXED ASSETS

Particulars	Gross Block					Depreciation			Net Block			
	Opening as at 31.12.09	Opening adjustments	Additions	Deletions Reclassifications	Closing as at 31.12.10	Upto 31.12.09	Opening adjustments	For the period	Deletions Reclassifications	Upto 31.12.10	As at 31.12.10	As at 31.12.09
Tangible Assets												
Land												
Buildings & Structures												
Roads and bridges												
Vehicles	26,571	42,672			69,243	(26,571)	(19,875)	(6,750)		(53,196)	16,048	-
Data Processing Equipments	766,116	2,714	1,374	(734,040)	36,163	(562,428)	(1,650)	(233)	530,083	(34,228)	1,935	203,687
Office Premises												
Office Equipments												
Leaschold improvements												
Furniture & Fixtures	148,289	34,942		2,170	185,401	(144,946)	(13,532)	(4,636)	(1,173)	(164,285)	21,116	3,342
Electrical Installations	434,123	1,095	14,591	79,329	529,139	(395,572)	(643)	(19,413)	(53,296)	(469,928)	60,211	38,551
Plant & Machinery	1,201,314	390,163	23,698	332,224	1,947,399	(1,178,857)	(105,599)	(166,253)	(156,126)	(1,506,835)	340,564	22,457
Advertisement Structure												
Sub total	2,576,413	471,587	39,663	(320,327)	2,767,346	(2,308,374)	(141,299)	(197,285)	319,487	(2,327,471)	439,874	268,039
Leased Assets												
Plant & Machinery												
Electrical Installations	193,144			320,317	513,461	(30,992)	(9,877)		(319,487)	(360,356)	193,105	162,152
Vehicles												
Furniture & fixtures												
Building & Structures												
Land												
Sub Total	193,144	-	-	320,317	513,461	(30,992)	(9,877)	-	(319,487)	(360,356)	193,105	162,152
Intangible Assets												
Softwares / licenses	8,340	4,777			13,117	(1,046)		(2,576)		(3,622)	9,495	7,294
Commercial Rights Acquired												
Right Under Service Concession Arrangements												
Trademarks and Licenses												
Industrial Property	14,782			(14,640)	142	(14,782)			14,640	(142)	0	0
Others and R&D Expenses	373,785	540,340			914,125						914,125	373,785
Sub Total	396,907	545,117	-	(14,640)	927,384	(15,828)	-	(2,576)	14,640	(3,763)	923,621	381,079
Total fixed assets	3,156,464	1,016,704	39,663	(14,640)	4,206,191	(2,355,193)	(151,176)	(199,861)	14,640	(2,631,590)	1,516,600	811,271

CIESM-INTEVIA, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMIT
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010****SCHEDULE E : INVESTMENTS**

	As at December 31, 2010 Euros
Investments in associates	410,971
Less: Unrealised gain on transactions between the Company and its associates	
Add: Post-acquisition share of profit/ (loss) of associates	
Add: Post-acquisition share of movement in the capital reserves of an associate	
Less: Cash flow Hedge Reserve	
	<u>410,971</u>
<u>Long term investments</u>	
Unquoted equity shares (fully paid up)	528,124
Other investments	-
Sub total	<u>528,124</u>
<u>Current investments</u>	
In units of mutual funds	-
(Market value as June 30, 2010 Rs. _____)	
Sub total	<u>-</u>
Less: Provision for diminution	-
Total investments	<u><u>939,095</u></u>



CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE F : CURRENT ASSETS AND LOANS & ADVANCES

	As at December 31, 2010 Euros
CURRENT ASSETS	
INVENTORIES (at lower of cost and market value)	
Raw Material	-
Finished Goods	-
Stores and Spares	-
Total inventories	<u>-</u>
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)	
Considered good	3,004,622
Considered doubtful	1,084,677
	<u>4,089,299</u>
Less: Provision for doubtful debts	1,084,677
Total sundry debtors	<u>3,004,622</u>
CASH AND BANK BALANCES	
Cash in hand	4,000
Balance with scheduled banks	4,000
In current accounts	56,340
In fixed deposits	198,000
Balance with non-scheduled banks	-
In current accounts	-
In fixed deposits	-
Total cash and bank balances	<u>258,340</u>
OTHER CURRENT ASSETS	
Interest accrued	-
Option premium assets	-
Receivable against sale of investments	-
Other current assets	-
Total other current assets	<u>-</u>
LOANS AND ADVANCES	
Advances recoverable in cash or in kind or for value to be received	4,041,823
Deposits	-
Advance payment of taxes (net of provision)	-
Advance Fringe benefit tax (net of provision)	-
Long term loans	-
Short term loans	-
Advance towards Capital / Share Application Money	-
Investment in Call Money	-
Grant receivable from National Highway Authorities of India	-
Total loans and advances	<u>4,041,823</u>
Total current assets and loans & advances	<u>7,304,785</u>



CIESM-INTEVIA, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED SCHEDULES TO BALANCE SHEET AS AT December 31, 2010)****SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS**

	As at December 31, 2010 Euros
CURRENT LIABILITIES	
Sundry creditors	8,850,671
Advance received	44,497
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	38,001
Total current liabilities	8,933,170
PROVISIONS	
Provision for fringe benefit tax (net of advance)	-
Provision for Tax (net of advance)	-
Provision for employee benefits	-
Proposed dividend on equity shares	-
Provision for tax on proposed dividend on equity shares	-
Provision for dividend on preference shares of subsidiary	-
Provision for premium on preference shares of subsidiary	-
Provision for tax on preference dividend of subsidiary	-
Provision for tax on preference share premium of subsidiary	-
Provision for overlay	-
Provision for contingency	-
Total provisions	-
Total current liabilities & provisions	8,933,170

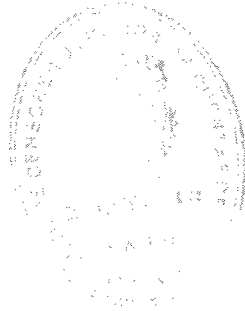


CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWO
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE H : INCOME FROM OPERATIONS

		Year ended December 31, 2010 Euros
Income from services		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		3,829,430
Toll revenue		-
Periodic Maintainance Income		-
Finance Income		-
Licence Fee		-
Total	(a)	<u><u>3,829,430</u></u>
Traded products		
Sales (net of sales tax)		-
Total	(b)	<u><u>-</u></u>
Construction Income		-
Total	(c)	<u><u>-</u></u>
Total income from operations (a+b+c)		<u><u>3,829,430</u></u>



CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LI
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE I : OTHER INCOME

	Year ended December 31, 2010 Euros
Interest on loans granted	-
Interest on debenture	-
Interest on call money	-
Interest on bank deposits	-
Interest on Short Term Deposit	-
Interest on advance towards property	-
Profit on sale of investment (net)	-
Profit on sale of fixed assets (net)	-
Advertisement income	-
Income from Material Testing	-
Excess provisions written back	-
Operation and Maintainace Grant from National Highways Authority of India	-
Miscellaneous income	835,321
Total other income	835,321

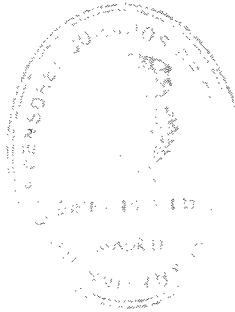


CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE J : OPERATING EXPENSES

	Three Months ended December 31, 2010 Euros
Material Consumption	276,886
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fuels Expenses	-
Operation and maintainance expenses	1,549,861
Provision for overlay expenses	-
Periodic maintainance expenses	-
Total operating expenses	1,826,748

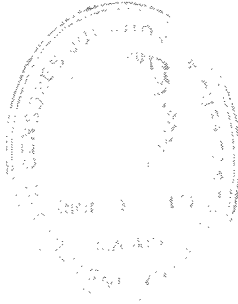


CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010)

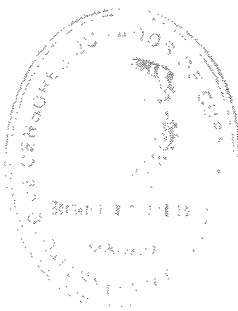
SCHEDULE K : EMPLOYEE COST

	<u>Three Months ended December 31, 2010</u> Euros
Salaries and allowances	1,755,123
Contribution of provident and other funds	395,307
Staff welfare expenses	-
Total employee cost	<u><u>2,150,429</u></u>



CIESM-INTEVIA, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010****SCHEDULE L : ADMINISTRATIVE & GENERAL EXPENSES**

	<u>Three Months ended December 31, 2010 Euros</u>
Services Various	
Legal and consultation fees	126,317
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	129,036
Rent	288,831
Rates and taxes	22,786
Repairs and maintenance	26,101
Bank commission	12,522
Registration expenses	
Communication expenses	2,558
Insurance	44,370
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	33
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	(71,136)
Project management fees	
Loss on sale of assets (net)	
Royalty	
Miscellaneous expenses	105,948
Total administrative & general expenses	<u><u>687,366</u></u>



CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE M : INTEREST & FINANCE CHARGES

	Three Months ended December 31, 2010 Euros
Interest on loans for fixed period	137,342
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	-
Total interest and finance charges	137,342



CIESM-INTEVIA, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010

SCHEDULE N : PROVISION FOR TAXATION

	Three Months ended December 31, 2010 Euros
Current tax	(87,326)
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
Total provision for taxation	(87,326)

