

Control 7, S. A.

Annual Report

2010

Audit of the Component's Financial Information Clearance Memorandum

From: BERNARDO TAHOCES ACEBO

Date: May 31, 2011

Subject: Control 7 S.A'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 Control 7 S.A. 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.

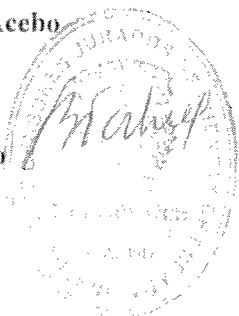
The preparation of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement is the responsibility Control 7 S.A's management. As stated therein, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement has been prepared *in accordance with the recognition and measurement 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 Control 7 S.A, 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



Control 7, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
BALANCE SHEET AS AT December 31, 2011

	Schedule	Euros	As at December 31, 2010 Euros
SOURCES OF FUNDS			
Shareholders' funds			
Capital	A	550,516	
Reserves and surplus	B	29,482	579,998
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured		48,488	
Unsecured	C	149,361	197,849
Deferred tax liability	R		8,482
			<u>786,329</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		1,309,949	
Less: Depreciation	D	584,600	
Net fixed assets			725,349
Capital work in progress	D		
Goodwill on consolidation			-
Investments	E		120,000
Receivable under Service Concession Arrangement			-
Deffered Tax Asset	S		13,263
Current assets, loans & advances	F		
Inventories	F1	-	
Sundry debtors	F2	1,122,423	
Cash and bank balances	F3	77,142	
Other current assets	F4	34,224	
Loans and advances	F5	1,255,639	
		2,489,428	
Less : Current liabilities & provisions			
Current liabilities	G1	2,561,711	
Provisions	G2	-	
Net current assets		2,561,711	(72,283)
			<u>786,329</u>
Significant accounting policies	O		(0)
Notes to account	P		

In terms of our clearance memorandum attached.

For [Name of audit firm]

Chartered Accountants *B.T. Bhatnagar & Co*

[Name of partner]

Partner *Benar Arora*

Place: *Madhya*

Date: *31/12/2011*

For and on behalf of the Board

[Signature]
Managing Director

Director

Company Secretary

Control 7, 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 Rupees
INCOME		
Income from operations	H	2,679,488
Other Income	I	148,150
Foreign exchange fluctuation (Net)	T	-
		<u>2,784,423</u>
EXPENSES		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	573,757
Employee Cost	K	1,836,204
Administrative and general expenses	L	278,704
Interest and finance charges	M	43,215
Preliminary expenses written off		-
		<u>2,688,664</u>
PROFIT BEFORE DEPRECIATION AND TAX		95,758
Depreciation	W	92,514
PROFIT BEFORE DIMINUTION AND TAX		<u>3,245</u>
Provision for Diminution in value of Investments		-
PROFIT BEFORE TAX		<u>3,245</u>
Provision for tax	N	(973)
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>2,271</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>2,271</u>
Add / Less : Share of Profit / (Loss) of associates		-
PROFIT AFTER TAX		<u>2,271</u>
Balance of profit brought forward		-
Profit available for appropriation		2,271
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>2,271</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

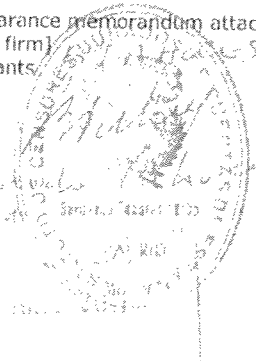
Place:

Date:

For and on behalf of the Board

Managing Director

Company Secretary



[Handwritten signature]

Control 7, 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 9160 equity shares of Euros 60.10 each	550,516
	<u>550,516</u>
ISSUED, SUBSCRIBED AND PAID-UP	
Suscribed and paid up 9,160 equity shares of Euros 60.1 each fully paid up	550,516
	<u>550,516</u>



Control 7, 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	2,825	
Transfer during the period	395	
Debenture redemption reserve		3,220
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		26,262
Total reserves and surplus		29,482



Control 7, 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**

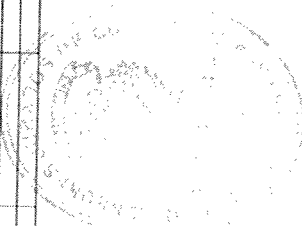
	As at December 31, 2010 Euros
SECURED	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	49,361
Interest accrued and due	-
Total secured loans	<u>49,361</u>
UNSECURED	
From Bank	
Short term loans	25,907
Other than short term loans	122,581
From Others	
Short term loans	-
Other than short term loans	251,815
Non-Convertible Debentures	-
Interest accrued and due	-
Total unsecured loans	<u>400,303</u>
Total loan funds	<u>449,664</u>



Control 7, S.A.
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS 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	Closing as at 31.12.10	Upto 31.12.09	Opening adjustments	Deletions Reclassifications	Upto 31.12.10	As at 31.12.10	As at 31.12.09
Tangible Assets										
Land										
Building & Structures	442,052			61,578	(79,353)			(84,463)	61,578	362,700
Roads and bridges				380,475					296,012	
Vehicles	22,117			22,117	(22,033)			(22,117)		84
Data Processing Equipments	296,163		2,186	42,535	(169,009)			(40,395)	2,140	125,154
Office Premises										
Office Equipments										
Leasehold Improvements										
Furniture & Fixtures	67,859			5,811	(58,038)			(2,780)		
Electrical Installations	111,682		22,761	158,485	(121,886)			(63,724)	9,946	9,821
Plant & Machinery	69,730			62,981	(40,629)			(17,739)	9,329	(10,204)
Advertisement Structure								(48,353)	14,628	29,102
Sub total	1,011,605		24,946	801,851	(490,949)		136,828	(408,216)	393,633	520,656
Leased Assets										
Plant & Machinery										
Electrical Installations				76,044				(56,809)	10,235	
Vehicles				145,937				(78,787)	62,973	
Furniture & fixtures										
Building & Structures										
Land										
Sub Total				221,081				(133,712)	87,208	
Intangible Assets										
Softwares / licenses				7,142	(4,254)			(4,857)	2,285	2,888
Commercial Rights Acquired	7,142									
Right Under Service Concessions										
Trademarks and Licenses										
Others and R&D Expenses	230,536		49,329	279,875	(4,254)			(32,652)	247,223	230,536
Sub Total	237,678		49,329	287,017	(4,254)			(37,509)	249,508	233,424
Total fixed assets	1,249,283		74,285	1,309,949	(495,203)		3,116	(584,600)	725,349	754,080
<i>Previous year ended December 31, 2010</i>										



Control 7, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010****SCHEDULE E : INVESTMENTS**

	As at December 31, 2010 Euros
Investments in associates	
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	-
Long term investments	
Unquoted equity shares (fully paid up)	120,000
Other investments	-
Sub total	120,000
Current investments	
In units of mutual funds	-
(Market value as June 30, 2010 Rs. _____)	
Sub total	-
Less: Provision for diminution	-
Total investments	120,000



Control 7, 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	1,122,423
Considered doubtful	193,830
	<u>1,316,253</u>
Less: Provision for doubtful debts	193,830
Total sundry debtors	<u>1,122,423</u>
CASH AND BANK BALANCES	
Cash in hand	764
Balance with scheduled banks	
In current accounts	76,379
In fixed deposits	50,000
Balance with non-scheduled banks	
In current accounts	-
In fixed deposits	-
Total cash and bank balances	<u>127,142</u>
OTHER CURRENT ASSETS	
Interest accrued	-
Option premium assets	-
Receivable against sale of Investments	-
Other current assets	34,224
Total other current assets	<u>34,224</u>
LOANS AND ADVANCES	
Advances recoverable in cash or in kind or for value to be received	1,205,639
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>1,205,639</u>
Total current assets and loans & advances	<u>2,489,429</u>

Control 7, S.A.**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITI
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	2,302,940
Advance received	5,065
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	1,891
Total current liabilities	2,309,895
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	2,309,895

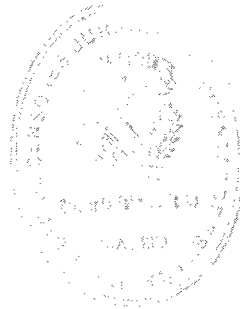


Control 7, S.A.

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

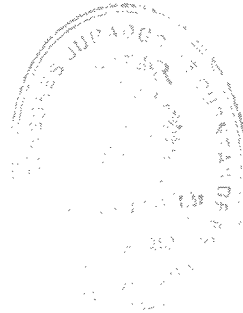
SCHEDULE H : INCOME FROM OPERATIONS

		Year ended December 31, 2010 Euros
Income from services		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		2,679,488
Toll revenue		-
Periodic Maintenance Income		-
Finance Income		-
Licence Fee		-
Total	(a)	2,679,488
Traded products		
Sales (net of sales tax)		-
Total	(b)	-
Construction Income		-
Total	(c)	-
Total income from operations (a+b+c)		2,679,488



Control 7, 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	1,491
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	146,659
Total other income	148,150

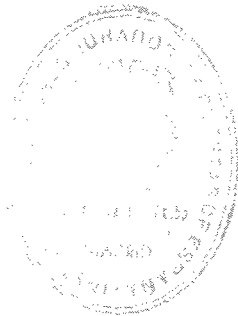


Control 7, S.A.

(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

	<u>Three Months ended December 31, 2010</u> Euros
Material Consumption	124,823
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fuel Expenses	-
Operation and maintenance expenses	448,934
Provision for overlay expenses	-
Periodic maintenance expenses	-
Total operating expenses	<u><u>573,757</u></u>



Control 7, S.A.

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&PS 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 Euros</u>
Salaries and allowances	1,416,257
Contribution of provident and other funds	419,947
Staff welfare expenses	-
Total employee cost	<u><u>1,836,204</u></u>

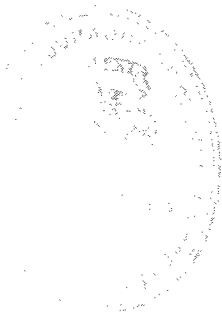


Control 7, S.A.

(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

	Three Months ended December 31, 2010 Euros
Services Various	
Legal and consultation fees	19,438
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	
Rent	97,408
Rates and taxes	6,321
Repairs and maintenance	12,319
Bank commission	9,552
Registration expenses	
Communication expenses	3,156
Insurance	37,518
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	16,392
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	(15,739)
Project management fees	
Loss on sale of assets (net)	10,503
Royalty	
Miscellaneous expenses	81,836
Total administrative & general expenses	<u><u>278,704</u></u>



Control 7, 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	43,215
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	-
Total interest and finance charges	43,215



Control 7, 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	973
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
Total provision for taxation	973

