

Proyectos De Gestion Sistemas  
Calculo Y Analisis S.A.

Annual Report

2010

## Audit of the Component's Financial Information Clearance Memorandum

**From:** BERNARDO TAHOCES ACEBO

**Date:** May 31, 2011

**Subject:** Progescan 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 Progescan 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 Progescan 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 Progescan 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**



# Proyectos de Gestión, Sistemas, Cálculo y Análisis 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
<b>SOURCES OF FUNDS</b>			
Shareholders' funds			
Capital	A	60,101	
Reserves and surplus	B	(891,345)	(831,244)
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured			
Unsecured	C		-
Deferred tax liability	R		-
			<u>(831,244)</u>
<b>APPLICATION OF FUNDS</b>			
Fixed assets			
Gross block		35,330	
Less: Depreciation	D	34,680	650
Net fixed assets			
Capital work in progress			
Goodwill on consolidation			-
Investments	E		-
Receivable under Service Concession Arrangement			-
Deffered Tax Asset	S		31,981
Current assets, loans & advances	F		
Inventories	F1	-	
Sundry debtors	F2	375,891	
Cash and bank balances	F3	1,427	
Other current assets	F4	-	
Loans and advances	F5	261,145	
		638,464	
Less : Current liabilities & provisions			
Current liabilities	G1	1,502,339	
Provisions	G2	-	
		1,502,339	
Net current assets			(863,875)
			<u>(831,243)</u>
Significant accounting policies	O		(0)
Notes to account	P		

In terms of our clearance memorandum attached.

For [Name of audit firm]

Chartered Accountants

*BTALOCCES ACEBO*

For and on behalf of the Board

[Name of partner]  
Partner

Place:

Date:

*Madrid*  
31 MAY 2011

*[Signature]*  
Managing Director

Director

Company Secretary



# Proyectos de Gestión, Sistemas, Cálculo y Análisis S.A.

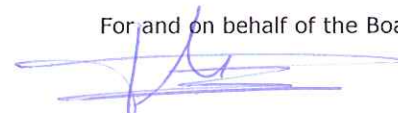
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)  
**PROFIT AND LOSS ACCOUNT THE YEAR ENDED DECEMBER 31, 2010**

	Schedule	Year ended December 31, 2010 Euros
<b>INCOME</b>		
Income from operations	H	179,413
Other Income	I	-
Foreign exchange fluctuation (Net)	T	-
		<u>179,413</u>
<b>EXPENSES</b>		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	38,336
Employee Cost	K	13,982
Administrative and general expenses	L	84,929
Interest and finance charges	M	100,573
Preliminary expenses written off		-
		<u>237,819</u>
PROFIT BEFORE DEPRECIATION AND TAX		(58,406)
Depreciation	W	388
PROFIT BEFORE DIMINUTION AND TAX		<u>(58,794)</u>
Provision for Diminution in value of investments		-
PROFIT BEFORE TAX		(58,794)
Provision for tax	N	17,638
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>(41,156)</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>(41,156)</u>
Add / Less : Share of Profit / (Loss) of associates		-
<b>PROFIT AFTER TAX</b>		<u>(41,156)</u>
Balance of profit brought forward		-
Profit available for appropriation		(41,156)
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		-
<b>Balance carried forward</b>		<u>(41,156)</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

B. Tahoe, 1000  
 [Name of partner]  
 Partner  
 Place: Madrid  
 Date: Madrid 31/12/2011



For and on behalf of the Board  
  
 Managing Director C  
 Company Secretary

**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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
<b>AUTHORISED</b>	
Issued 1000 equity shares of Euros 60.101210 each	60,101
	<u>60,101</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>	
Suscribed and paid up 1,000 equity shares of Euros 60.101210 each fully paid up	60,101
	<u>60,101</u>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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	413	
Transfer during the period	-	413
Debenture redemption reserve		
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		(891,758)
<b>Total reserves and surplus</b>		<b>(891,345)</b>



# Proyectos de Gestión, Sistemas, Cálculo y Análisis 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
<b>SECURED</b>	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	-
Interest accrued and due	-
Total secured loans	-
<b>UNSECURED</b>	
From Bank	
Short term loans	-
Other than short term loans	-
From Others	
Short term loans	-
Other than short term loans	-
Non-Covertible Debentures	-
Interest accrued and due	-
Total unsecured loans	-
<b>Total loan funds</b>	-



**Proyectos de Gestión, Sistemas, Cálculo y Análisis S.A.**  
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF I&FS TRANSPORTATION NETWORKS LIMITED)  
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

Schedule D : FIXED ASSETS

Particulars	Gross Block				Depreciation				Euros			
	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
<b>Tangible Assets</b>												
Land			-	-	-						-	-
Building & Structures											-	-
Roads and bridges											-	-
Vehicles											-	-
Data Processing Equipments	13,828				13,828	(13,828)				(13,828)	-	-
Office Premises											-	-
Office Equipments											-	-
Leasehold Improvements											-	-
Furniture & Fixtures	3,908				3,908	(2,871)		(388)		(3,259)	650	1,037
Electrical Installations	17,594				17,594	(17,594)				(17,594)	-	-
Plant & Machinery											-	-
Advertisement Structure											-	-
Sub total	35,330		-	-	35,330	(34,292)		(388)		(34,680)	650	1,037
<b>Leased Assets</b>												
Plant & Machinery											-	-
Electrical Installations											-	-
Vehicles											-	-
Furniture & fixtures											-	-
Building & Structures											-	-
Land											-	-
Sub Total	-		-	-	-	-		-		-	-	-
<b>Intangible Assets</b>												
Softwares / licenses	253,115					(253,115)					-	-
Commercial Rights Acquired											-	-
Right Under Service Concession Arrangements											-	-
Trademarks and Licenses											-	-
Others and R&D Expenses											-	-
Sub Total	253,115					(253,115)					-	-
<b>Total fixed assets</b>											650	1,037
					35,330	(287,407)		(388)		(34,680)	650	1,037
<i>Previous year ended December 31, 2010</i>												





# Proyectos de Gestión, Sistemas, Cálculo y Análisis 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	-
<b>Long term investments</b>	
Unquoted equity shares (fully paid up)	-
Other investments	-
Sub total	-
<b>Current investments</b>	
In units of mutual funds	-
(Market value as June 30, 2010 Rs. _____)	
Sub total	-
Less: Provision for diminution	-
<b>Total investments</b>	-



## Proyectos de Gestión, Sistemas, Cálculo y Análisis 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
<b>CURRENT ASSETS</b>	
<b>INVENTORIES (at lower of cost and market value)</b>	
Raw Material	-
Finished Goods	-
Stores and Spares	-
<b>Total inventories</b>	<u>-</u>
<b>SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)</b>	
Considered good	375,891
Considered doubtful	-
	<u>375,891</u>
Less: Provision for doubtful debts	-
<b>Total sundry debtors</b>	<u>375,891</u>
<b>CASH AND BANK BALANCES</b>	
Cash in hand	
Balance with scheduled banks	
In current accounts	1,427
In fixed deposits	
Balance with non-scheduled banks	
In current accounts	-
In fixed deposits	-
<b>Total cash and bank balances</b>	<u>1,427</u>
<b>OTHER CURRENT ASSETS</b>	
Interest accrued	-
Option premium assets	-
Receivable against sale of investments	-
Other current assets	-
<b>Total other current assets</b>	<u>-</u>
<b>LOANS AND ADVANCES</b>	
Advances recoverable in cash or in kind or for value to be received	261,145
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	-
<b>Total loans and advances</b>	<u>261,145</u>
<b>Total current assets and loans &amp; advances</b>	<u><u>638,464</u></u>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>As at December 31, 2010 Euros</b>
<b>CURRENT LIABILITIES</b>	
Sundry creditors	1,502,339
Advance received	-
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	-
<b>Total current liabilities</b>	<b><u>1,502,339</u></b>
<b>PROVISIONS</b>	
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	<u>-</u>
<b>Total current liabilities &amp; provisions</b>	<b><u>1,502,339</u></b>



## Proyectos de Gestión, Sistemas, Cálculo y Análisis 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
<b>Income from services</b>		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		179,413
Toll revenue		-
Periodic Maintenance Income		-
Finance Income		-
Licence Fee		-
<b>Total</b>	<b>(a)</b>	<u><u>179,413</u></u>
<b>Traded products</b>		
Sales (net of sales tax)		-
<b>Total</b>	<b>(b)</b>	<u><u>-</u></u>
Construction Income		-
<b>Total</b>	<b>(c)</b>	<u><u>-</u></u>
<b>Total income from operations (a+b+c)</b>		<u><u>179,413</u></u>



## Proyectos de Gestión, Sistemas, Cálculo y Análisis 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	-
<b>Total other income</b>	<b>-</b>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>Three Months ended December 31, 2010 Euros</b>
Material Consumption	-
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fule Expenses	-
Operation and maintainance expenses	38,336
Provision for overlay expenses	-
Periodic maintainance expenses	-
<b>Total operating expenses</b>	<b>38,336</b>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>Three Months ended December 31, 2010</b>
	<b>Euros</b>
Salaries and allowances	10,752
Contribution of provident and other funds	3,229
Staff welfare expenses	-
<b>Total employee cost</b>	<b><u>13,982</u></b>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>Three Months ended December 31, 2010 Euros</b>
Services Various	
Legal and consultation fees	6,862
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	
Rent	57,828
Rates and taxes	
Repairs and maintenance	
Bank commission	2,122
Registration expenses	
Communication expenses	
Insurance	5
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	
Project management fees	
Loss on sale of assets (net)	
Royalty	
Miscellaneous expenses	18,112
<b>Total administrative &amp; general expenses</b>	<b><u>84,929</u></b>





**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>Three Months ended December 31, 2010 Euros</b>
Interest on loans for fixed period	99,222
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	1,351
<b>Total interest and finance charges</b>	<b>100,573</b>



**Proyectos de Gestión, Sistemas, Cálculo y Análisis 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**

	<b>Three Months ended December 31, 2010 Euros</b>
Current tax	(17,638)
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
<b>Total provision for taxation</b>	<b>(17,638)</b>

