

ITNL ROAD INVESTMENT TRUST

ANNUAL REPORT

2010-11

**AUDITORS' REPORT TO
THE TRUSTEE OF ITNL ROAD INVESTMENTS TRUST -
SCHEME I**

We have audited the attached Balance Sheet of **ITNL Road Investments Trust - Scheme I** (hereinafter referred to as 'Trust') as at March 31, 2011 and the annexed Income and Expenditure Statement and also the cash Flow Statement for the year ended on that date which is in agreement with the books of account. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report as follows:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
2. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon attached, give a true and fair view:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Trust as at March 31, 2011;
 - (b) in the case of the Income and Expenditure Statement, of the excess of Income over expenditure for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai
Date: April 14, 2011



For M/s.Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W


Parag Modi
Partner
M. No.114105

ITNL ROAD INVESTMENTS TRUST- SCHEME I

Balance Sheet as at March 31, 2011

Particulars			31st March 2011 (Rs.)	31st March 2010 (Rs.)
SOURCES OF FUNDS				
Corpus	A		1,03,85,41,200	1,03,13,20,600
TOTAL			1,03,85,41,200	1,03,13,20,600
APPLICATION OF FUNDS				
Investment	B		72,71,52,877	51,70,65,772
Current Asset, Loans & Advances		14,75,476		8,33,500
Bank balance		-		38,30,67,386
Other Current Assets	C	18,07,66,438		38,39,00,918
Loans & Advances		18,22,41,914		
Less: Current Liabilities				1,19,877
Outstanding Expenses		1,99,850		1,19,877
Net Current Asset		1,99,850	18,20,42,064	38,37,81,041
Excess of Expenditure over Income			12,93,46,259	13,04,73,787
TOTAL			1,03,85,41,200	1,03,13,20,600

Notes forming part of the Accounts

Schedule A to D annexed hereto form part of the Balance Sheet and Income & Expenditure Account

For our Report of even date
For M/s Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W



Parag Modi
(Parag Modi)
Partner
Place : Mumbai

Date : 14th April, 2011

For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)

[Signature]
Authorised Signatory

ITNL ROAD INVESTMENTS TRUST- SCHEME I

Income & Expenditure Account for the year ended March 31, 2011

(In Rupees)

	31.03.2011	31.03.2010
INCOME		
Dividend on Mutual Fund		11,19,391
Profit on sale of Mutual fund	14,55,639	27,471
EXPENSES		
Trusteeship fees		
Audit Fees	2,20,600	2,20,600
Legal and Professional Fees	79,968	44,121
DP Charges	22,060	-
Bank Charges	4,898	-
Miscellaneous Expenses	55	56
Provision for Diminution in value of Call Option	530	-
	-	13,52,70,452
Net Surplus / (Deficit) for the year / period	11,27,528	(13,43,88,367)
Retained Earnings Brought Forward		
	(13,04,73,787)	39,14,580
Earning available for Appropriation	(12,93,46,259)	(13,04,73,787)
Appropriation :		
Distribution of Surplus to Unitholder		
Balance Carried Forward to Balancesheet	(12,93,46,259)	(13,04,73,787)
	(12,93,46,259)	(13,04,73,787)

Schedule A to D annexed hereto form part of the Balance Sheet and Income & Expenditure Account

As per our Report of even date
For M/s Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W


(Parag Modi)
Partner



For H.&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)


Authorised Signatory

Place : Mumbai
Date : 14th April, 2011

ITNL ROAD INVESTMENTS TRUST- SCHEME I

Schedule A - Corpus

PARTICULARS	31st March 2011 (Rs.)	31st March 2010 (Rs.)
Unit Capital		
Opening Balance	1,03,13,20,600	1,03,11,00,000
Add: Issued during the period	72,20,600	2,20,600
	1,03,85,41,200	1,03,13,20,600
Less: Distribution of Surplus	-	-
Total	1,03,85,41,200	1,03,13,20,600
Total	1,03,85,41,200	1,03,13,20,600



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ITNL ROAD INVESTMENTS TRUST- SCHEME I

Schedule B - Investments

<u>Long-term Investments</u>	Face Value (Rs.)	No of shares / Units	31st March 2011 (Rs.)	No of shares / Units	31st March 2010 (Rs.)
<u>Equity Shares - Unquoted</u>					
North Karnataka Expressway Limited (Refer Note no 3 of Schedule D)	10	4,39,49,380	69,80,92,469	2,91,01,639	48,93,38,835
Total			69,80,92,469		48,93,38,835
<u>Current Investments</u>					
<u>Units of Mutual Fund</u>					
DWS Ultra Short Term Fund - IP - DDR (NAV as on 31.03.2011 is Rs 10.0179 for the Rs./-2,90,60,407.98)		29,00,848	2,90,60,408		
LIC Floating Rate Fund - STP - DDR (NAV as on 31.03.2010 is Rs 2,77,26,937)				27,72,694	2,77,26,937
Total			2,90,60,408		2,77,26,937
Total			72,71,52,877		51,70,65,772

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ITNL ROAD INVESTMENTS TRUST- SCHEME I

Schedule C - Loan & Advances

Particulars	No of Options	31st March 2011 (Rs.)	No of Options	31st March 2010 (Rs.)
Other current Assets : Prepaid Expenses		-		-
Total				
Call Option Premium for shares of North Karnataka Expressway Ltd (Refer Note no 4 of Schedule D)	38,60,421	3,66,74,000	1,87,08,197	23,89,74,948
Call Option Premium for shares of Andhra Pradaesh Expressway Ltd (Refer Note no 4 of Schedule D)	2,94,06,620	27,93,62,890	2,94,06,620	27,93,62,890
Total	3,32,67,041	31,60,36,890	4,81,14,817	51,83,37,838
Less : Provision for diminution in value of Call Option (APEL Shares)		13,52,70,452		13,52,70,452
		18,07,66,438		38,30,67,386

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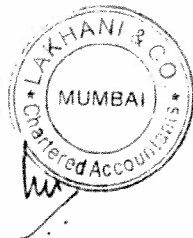
ITNL ROAD INVESTMENTS TRUST- SCHEME I

Cashflow Statement of ITNL Road Investment Trust Scheme I for the year ended 31st March 2011
as per para 18(b) of AS - 3 "Cashflow Statement"

	31-Mar-11 Amount (Rs.)		31-Mar-10 Amount (Rs.)	
Cash flows from operating activities				
Net profit before taxation, and extraordinary item	11,27,528		(13,43,88,367)	
<u>Adjustments for:</u>				
Dividend From Mutual Fund	(14,55,639)		(11,19,391)	
Profit on Sale of Mutual Fund	-		(27,471)	
Provision for diminution in value of Call Option	-		13,52,70,452	
Operating profit before working capital changes	(3,28,111)		(2,64,777)	
Increase / (Decrease) in Current Assets operation	-		-	
Increase in Current Liability operation	79,973	(2,48,138)	44,116	(2,20,661)
Cash generated from operations		(2,48,138)		(2,20,661)
Net cash from operating activities		(2,48,138)		(2,20,661)
Cash flows from investing activities				
Purchase of Investments		(23,06,93,297)		(13,69,89,000)
Dividend earned and reinvested		(14,55,639)		(11,19,391)
Dividend Income		14,55,639		11,19,391
Profit from sale of Investment		-		-
Sale of Investments		22,43,62,779		13,72,44,649
Net cash from investing activities		(63,30,518)		2,55,649
Cash flows from financing activities				
Contribution received		72,20,600		2,20,600
Net cash used from Financing activities		72,20,600		2,20,600
Net increase/(Decrease) in cash and cash equivalents		6,41,944		2,55,588
Cash and cash equivalents at end of period		14,75,476		8,33,532
Cash and cash equivalents at beginning of period		8,33,532		5,77,944
Net increase/(Decrease) in cash and cash equivalents		6,41,944		2,55,588
Cash & Cash Equivalent				
Cash Balance		31-Mar-11		31-Mar-10
Bank Balance		-		-
Total		14,75,476		8,33,532
		14,75,476		8,33,532

As per our Report of even date
For M/s Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W

hmodi
(Parag Modi)
Partner
Place : Mumbai,
Date : 14th April, 2011



For IL&FS Trust Company Limited
(Trustee of ITNL Road Investment Scheme I)

[Signature]
Authorised Signatory

ITNL ROAD INVESTMENTS TRUST- SCHEME I
Schedule D – Notes to accounts 31st March 2011.

1. Significant accounting policies

a. Basis of Accounting:

The financial statements are prepared on an accrual basis.

b. Investments:

(i) Long Term Investments are stated at cost. Cost of Investments includes all incidental expenses such as stamp duty etc. These investments are held by the Trust as strategic non-trade capital asset and not as a stock in trade or current investment.

(ii) Current Investments are valued at cost or market value whichever is lower.

c. Revenue:

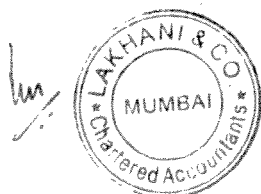
Revenue is accounted for on accrual basis. Revenue is recognised when no significant uncertainty on measurability and collectibility exists.

2. "The ITNL Road Investments Trust" (Trust) has been settled on February 22, 2007 by IL&FS Transportation Network Limited. ITNL Road Investments Trust – Scheme I (Scheme) has been established as a unit scheme of the "The ITNL Road Investments Trust".

3. Unit means one unit of such par value, of such Class representing such rights and interest, including such right to distribution from the Net Assets, accretions and / or income of Scheme as may be specified in the Indenture of the Trust, the Scheme Terms, Private Placement Memorandum and the Contribution Agreement

A) The Trust has, vide 3 separate Share Purchase Agreements dated March, 14 2007 between itself (on behalf of the Scheme, being the Purchaser) and Infrastructure Leasing & Financial Services Limited (IL&FS), IL&FS Infrastructure Equity Fund (IIEF) and IL&FS Transportation Networks Limited (ITNL) (collectively known as the Vendors) respectively, invested in the below mentioned shares of **North Karnataka Expressway Limited(NKEL)**:

Sr.No.	Name of Vendor	Total No. of Shares	Total Cost (Rs.)
1	IL&FS	93,57,635	18,52,81,173
2	IIEF	1,73,63,600	26,73,99,441
3	ITNL	23,80,404	3,66,58,221
	Total	2,91,01,639	48,93,38,835



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B) Call Option has been exercised for the shares of North Karnataka Expressway Limited (NKEL) during the Financial Year 2010-11 as given below :

Sr.No.	Name of Vendor	Total No. of Shares	Total Cost (Rs.)
1	IL&FS	37,11,944	3,71,19,440
2	IIEF	37,11,944	5,73,06,858
3	ITNL	74,23,853	11,43,27,336
	Total	1,48,47,741	20,87,53,634

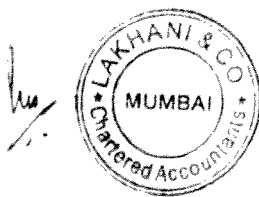
4. **Call Option Premium:**

Option Premium paid amounting to Rs 31,60,36,889/- is accounted as Loans and Advances. The details are as under:

A) **Details of Call Option Premium paid for Equity Shares of North Karnataka Expressway Limited(NKEL)**

Option grantor	No. of Options	Call Option Premium (Rs.)	Expiry Date
		Total	
Infrastructure Leasing & Financial Services Limited	38,60,421	3,66,73,999	Till the expiry of Concession Period as specified in Concession Agreement of NKEL ie December 31, 2019
	Total	3,66,73,999	

Total amount payable on exercise of the above Call Options by the Trust on behalf of the Scheme on Exercise Date is Rs. 19,30,211/-

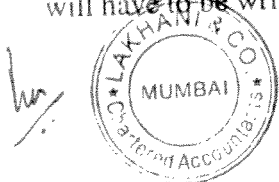


B) Details of Call Option Premium paid for Equity Shares of Andhra Pradesh Expressway Limited(APEL)

Option grantor	No. of Options	Call Option Premium (Rs.)	Expiry Date
		Total	
Infrastructure Leasing & Financial Services Limited	42,96,750	4,08,19,125	90 th Day after 3 years from Commercial Operation Date of APEL i.e. 29 th December, 2012
Infrastructure Leasing & Financial Services Limited	84,21,630	8,00,05,485	December 31,2011
Infrastructure Leasing & Financial Services Limited	44,68,620	4,24,51,890	Till the expiry of Concession Period as specified in Concession Agreement of APEL.
IL&FS Transportation Networks Limited	41,28,250	3,92,18,375	90 th Day after 3 years from Commercial Operation Date of APEL i.e. 29 th December, 2012
IL&FS Transportation Networks Limited	80,91,370	7,68,68,015	March 31,2012
Total		27,93,62,890	

Total amount payable on exercise of the above Call Options by the Trust on behalf of the Scheme is Rs.1,47,03,310/-

5. As per Call Option Agreements dt March 14,2007, in the event of Material Breach committed by the Trust, the Call Option Premium paid by the Scheme is non – refundable. Further, If the Call Option is not exercised by the Trust , then the Rights in call Option shall lapse and the call option premium will have to be written off.



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6. The sole beneficiary of the Scheme is IL&FS Transportation Network Ltd , Scheme is a definite (non-discretionary) private trust under Income Tax Act, 1961. As per the Trustee the income will be taxable in the hands of beneficiary, hence no provision for Income Tax and no provision for or recognition of deferred tax is made.
7. Related Party Transaction as per AS -18 :
The Trust has no control over fellow subsidiaries hence only fellow subsidiaries with whom the Trust has transacted are disclosed.

Name of Party	Relationship	Nature of Transaction	Transaction Amount	Closing balance as on 31.03.11
IL&FS Transportation Network Limited	Settlor and Beneficiary	Contribution towards Unit	72,20,600 (2,20,600)	1,03,85,41,200 (1,03,13,20,600)
Infrastructure Leasing & Financial Services Limited	Ultimate holding Company of Settlor	Call Option Premium	NIL (NIL)	19,99,50,499 (23,52,13,967)
IL&FS Transportation Networks Limited	Settlor and Beneficiary	Call Option Premium	NIL (NIL)	11,60,86,390 (22,74,44,185)
IL&FS Trust Company Limited	Entity having Significant Control	Trusteeship fees	2,20,600 (2,20,600)	NIL (NIL)

Note : figures in bracket denotes previous year figures.

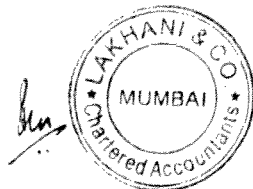
8. Previous year's figure are regrouped and rearranged whenever necessary.

As per our report of even date attached

For M/S Lakhani & Co.
Chartered Accountants


Parag Modi
Partner

Place: Mumbai
Date: 14th April, 2011

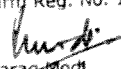


For and on behalf of the Trustees

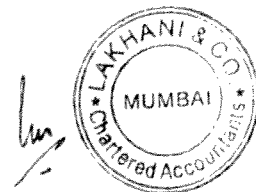

Authorized Signatory

ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
BALANCE SHEET AS AT March 31, 2011

	Schedule	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SOURCES OF FUNDS				
Shareholders' funds	A	1,03,85,41,200		1,03,13,20,600
Capital	B	(12,93,46,259)	90,91,94,941	(13,04,73,787)
Reserves and surplus				
Minority Interest				
Preference shares issued by subsidiary to Minority				
Advance towards capital of subsidiary				
Loan funds	C	-		
Secured				
Unsecured				
Deferred tax liability			<u>90,91,94,941</u>	<u>90,08,46,813</u>
APPLICATION OF FUNDS				
Fixed assets	D	-		
Gross block				
Less: Depreciation				
Net fixed assets				
Capital work in progress				
Goodwill on consolidation	E		72,71,52,877	51,70,65,772
Investments				
Receivable under Service Concession Arrangement				
Toll receivable account				
Current assets, loans & advances	F	-		
Inventories				
Unbilled Revenue				8,33,532
Sundry debtors		14,75,476		
Cash and bank balances				
Other current assets		31,60,36,890		51,83,37,838
Loans and advances		31,75,12,366		
Less : Current liabilities & provisions	G	1,99,850		1,19,877
Current liabilities		13,52,70,452		13,52,70,452
Provisions		13,54,70,302		
Net current assets			18,20,42,064	38,37,81,041
			<u>90,91,94,941</u>	<u>90,08,46,813</u>
Significant accounting policies	O			
Notes to account	P			

In terms of our clearance memorandum attached.
For Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W

Parag Modi
Partner
Membership No : 114105

Place: Mumbai
Date: 14th April, 2011



For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)

Authorized Signatory


ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

	Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
INCOME			
Income from operations		-	-
Other Income	H	-	-
Foreign exchange fluctuation (Net)	I	14,55,639	11,46,862
		<u>14,55,639</u>	<u>11,46,862</u>
EXPENSES			
Increase / decrease in stock in trade and work in progress		-	-
Consumption of raw materials		-	-
Operating Expenses		-	-
Employee Cost	J	-	-
Administrative and general expenses	K	-	-
Interest and finance charges	L	3,28,111	2,64,777
Preliminary expenses written off	M	-	-
		<u>3,28,111</u>	<u>2,64,777</u>
PROFIT BEFORE DEPRECIATION AND TAX		<u>11,27,528</u>	<u>8,82,085</u>
Depreciation		11,27,528	8,82,085
PROFIT BEFORE DIMINUTION AND TAX		<u>11,27,528</u>	<u>8,82,085</u>
Provision for Diminution in value of investments		-	13,52,70,452
PROFIT BEFORE TAX		<u>11,27,528</u>	<u>(13,43,88,367)</u>
Provision for tax		-	-
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)	N	<u>11,27,528</u>	<u>(13,43,88,367)</u>
Less: Share of profit transferred to minority interest		-	-
Add: Own share in Associate included as Minority interest of a Jointly Controlled Entity		-	-
PROFIT AFTER TAX (AFTER ADJUSTMENT OF MINORITY INTREST)		<u>11,27,528</u>	<u>(13,43,88,367)</u>
Add / Less : Share of Profit / (Loss) of associates		-	-
PROFIT AFTER TAX		<u>11,27,528</u>	<u>(13,43,88,367)</u>
Balance of profit brought forward		11,27,528	(13,43,88,367)
Profit available for appropriation		<u>(13,04,73,787)</u>	<u>39,14,580</u>
Appropriations:			
Transfer to general reserve		(12,93,46,259)	(13,04,73,787)
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>(12,93,46,259)</u>	<u>(13,04,73,787)</u>
Basic / Diluted earnings per share (Face value per share Rs. ____)			

Significant accounting policies
Notes to account

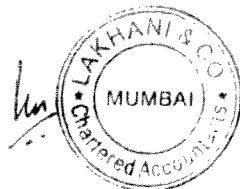
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In terms of our clearance memorandum attached.

For Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W

Parag Modi
Partner
Membership No : 114105

Place: Mumbai
Date: 14th April, 2011




For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)

[Signature]
Authorised Signatory

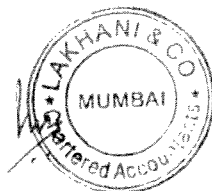
ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
CASHFLOW STATEMENTS FOR THE YEAR ENDED March 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest & Share of Profits of Associates	11,27,528	(13,43,88,367)
Adjustments for :-		
Interest on loans granted	-	(27,471)
(Profit)/Loss on sale of investments	(14,55,639)	(11,19,391)
Dividend income	-	13,52,70,452
Provision for diminution in value of Call Option	(3,28,111)	(2,64,777)
Operating profit before Working Capital Changes		
Adjustments changes in working capital:		
(Increase) / decrease in receivables	-	-
(Increase) / decrease in other current assets	-	-
(Increase) / decrease in inventories	-	-
(Increase) / decrease in loans and advances	79,973	44,116
Increase / (decrease) in current liabilities & provisions	(2,48,138)	(2,20,661)
Cash Generated from Operating Activities		
Direct Taxes (paid) / receivable (Net)	(2,48,138)	(2,20,661)
Net Cash Flow from Operations (A)		
Cash flow from Investing Activities	(23,06,93,297)	(13,69,89,000)
Purchase of / advance towards investments	(14,55,639)	(11,19,391)
Dividend earned and reinvested	14,55,639	11,19,391
Dividend	22,43,62,779	13,72,44,649
Sale proceeds of investments	(63,30,518)	2,55,649
Net Cash from Investing Activities (B)		
Cash flow from Financing Activities		
Increase in equity capital	-	-
Share premium money received (net of exchange differences Nil)	72,20,600	2,20,600
Increase / (decrease) in Advance towards capital	-	-
Contribution by minority	72,20,600	2,20,600
Net Cash from Financing Activities (C)	6,41,944	2,55,588
Net Increase in Cash & Cash Equivalents (A+B+C)		
Cash and Cash Equivalent at the beginning of the year	8,33,532	5,77,944
Cash and Cash Equivalent at the end of the year	14,75,476	8,33,532
Net Increase / (Decrease) in Cash & Cash Equivalents	6,41,944	2,55,588
Notes:		
Components of Cash & Cash Equivalent		
Cash on Hand	-	-
Cheques on Hand	14,75,476	8,33,532
Balance with Scheduled Banks - Current Accounts	-	-
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	14,75,476	8,33,532
Fixed deposits placed for periods exceeding 3 months	-	-
Cash & Bank Balances (Refer Schedule No. "F")	-	-
Significant accounting policies	O	
Notes to account	P	


In terms of our clearance memorandum attached.
 For Lakhani & Co.
 Chartered Accountants
 Firm Reg. No. 105524W


 Parag Modi
 Partner
 Membership No : 114105

Place: Mumbai
 Date: 14th April, 2011



For IL&FS Trust Company Limited
 (Trustee - ITNL Road Investments trust Scheme I)


 Authorised Signatory

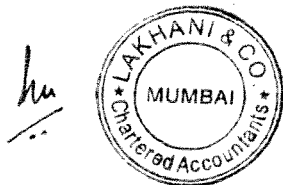
ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE A : CAPITAL

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
AUTHORISED		
_____ equity shares of Rs. ___/- each		
ISSUED, SUBSCRIBED AND PAID-UP		
1038541.2 units (Previous year 1031320.6) Units of Rs.1000/- (Refer footnote)	1,03,85,41,200	1,03,13,20,600
	1,03,85,41,200	1,03,13,20,600

Footnote:

all the above, 1038541.2 (Previous year 1031320.6) Units are held by the holding company viz. IL&FS TRANSPORTATION NETWORKS LTD

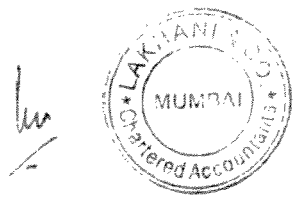


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ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE B : RESERVES AND SURPLUS

	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
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	-	-	-
Transfer during the period	-	-	-
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		(12,93,09,886)	(13,04,73,787)
Total reserves and surplus		(12,93,09,886)	(13,04,73,787)

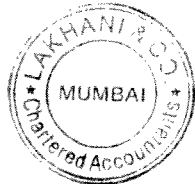


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ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE C : LOAN FUNDS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SECURED		
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	-	-
UNSECURED		
From Bank	-	-
Short term loans	-	-
Other than short term loans	-	-
From Others	-	-
Short term loans	-	-
Other than short term loans	-	-
Non-Convertible Debentures	-	-
Interest accrued and due	-	-
Total unsecured loans	-	-
Total loan funds	-	-



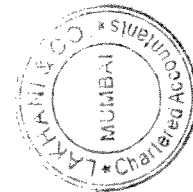
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ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IITL'S TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

Schedule D : FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block			
	Opening as at 01.04.10	Opening adjustments	Additions	Deletions	Closing as at 31.03.11	Upto 31.03.2010	Opening adjustments	For the period	Deletions	Upto 31.03.11	As at 31.03.11	As at 31.03.2010
Tangible Assets												
Land												
Building & Structures												
Roads and bridges												
Vehicles												
Data Processing Equipments												
Office Premises												
Office Equipments												
Leasehold Improvements												
Furniture & Fixtures												
Electrical Installations												
Plant & Machinery												
Advertisement Structure												
Sub Total												
Leased Assets												
Plant & Machinery												
Vehicles												
Furniture & fixtures												
Building & Structures												
Land												
Sub Total												
Intangible Assets												
Softwares / licenses												
Commercial Rights Acquired												
Right Under Service Concession Arrangements												
Trademarks and Licenses												
Others												
Sub Total												
Total fixed assets												

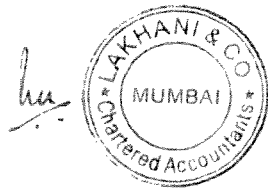


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ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE E : INVESTMENTS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
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)		
Other investments	69,80,92,469	48,93,38,835
Sub total	69,80,92,469	48,93,38,835
Current investments		
In units of mutual funds - LIC Floating Rate Fund - STP - DDR		
In units of mutual funds - DWS Ultra Short Term Fund -IP -DDR (Market value as March 31, 2011 Rs.2,90,60,408/- (P Y. 2,77,26,937/-))	2,90,60,408	2,77,26,937
Sub total	2,90,60,408	2,77,26,937
Less: Provision for diminution	72,71,52,877	51,70,65,772
Total investments	72,71,52,877	51,70,65,772

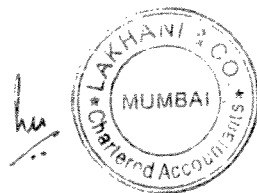


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ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE F : CURRENT ASSETS AND LOANS & ADVANCES

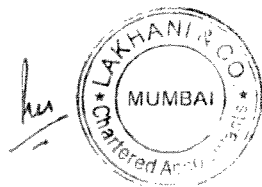
	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT ASSETS		
INVENTORIES (at lower of cost and market value)		
Raw Material	-	-
Finished Goods	-	-
Stores and Spares	-	-
Total Inventories	-	-
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)		
Considered good	-	-
Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Total sundry debtors	-	-
CASH AND BANK BALANCES		
Cash in hand	-	-
Balance with scheduled banks	14,75,476	8,33,532
In current accounts	-	-
In fixed deposits	-	-
Balance with non-scheduled banks	-	-
In current accounts	-	-
In fixed deposits	-	-
Total cash and bank balances	14,75,476	8,33,532
OTHER CURRENT ASSETS		
Interest accrued	-	-
Option premium assets	-	-
Receivable against sale of Investments	-	-
Total other current assets	-	-
LOANS AND ADVANCES		
Call option Premium paid for APEL shares	27,93,62,890	27,93,62,890
Call option Premium paid for NKEL shares	3,66,74,000	23,89,74,948
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	31,60,36,890	51,83,37,838
Total current assets and loans & advances	31,75,12,366	51,91,71,370



ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO BALANCE SHEET AS AT March 31, 2011

SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS

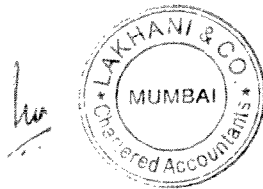
	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT LIABILITIES		
Sundry creditors		
Advance received	1,99,850	1,19,877
Interest accrued but not due	-	-
Other liabilities	-	-
Unearned revenue	-	-
Income received in advance	-	-
Total current liabilities	1,99,850	1,19,877
PROVISIONS		
Provision 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 Diminution in value of Call Option	-	-
Provision for premium on preference shares of subsidiary	13,52,70,452	13,52,70,452
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	13,52,70,452	13,52,70,452
Total current liabilities & provisions	13,54,70,302	13,53,90,329



ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORK
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011)

SCHEDULE H : INCOME FROM OPERATIONS

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Income from services	-	-
Advisory and project management fees	-	-
Lenders' engineer and supervision fees	-	-
Operation and maintenance income	-	-
Toll revenue	-	-
Periodic Maintenance Income	-	-
Finance Income	-	-
License Fee	-	-
Total (a)	-	-
Traded products	-	-
Sales (net of sales tax)	-	-
Total (b)	-	-
Construction Income	-	-
Total (c)	-	-
Total income from operations (a+b+c)	-	-



ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE I : OTHER INCOME

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
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)	-	27,471
Advertisement income	-	-
Income from Material Testing	-	-
Excess provisions written back	-	-
Operation and Maintenance Grant from National Highways Authority of India	-	-
Miscellaneous income (Dividend on Mutual Fund)	-	-
Total other income	14,55,639	11,19,391
	14,55,639	11,46,862

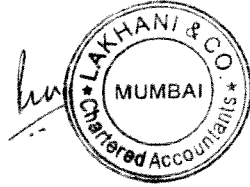




ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE J : OPERATING EXPENSES

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Material Consumption	-	-
Cost of traded products	-	-
Construction Contract Costs	-	-
Fees for technical services / design and drawings	-	-
Diesel and Fuel Expenses	-	-
Operation and maintenance expenses	-	-
Provision for overlay expenses	-	-
Periodic maintenance expenses	-	-
Total operating expenses	-	-

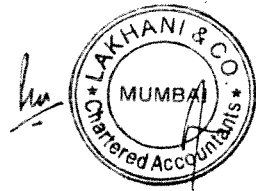


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ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE K : EMPLOYEE COST

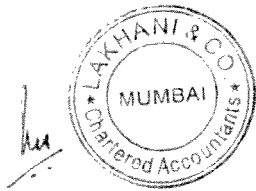
	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Salaries and allowances	-	-
Contribution of provident and other funds	-	-
Staff welfare expenses	-	-
Total employee cost	-	-



ITNL ROAD INVESTMENTS TRUST - SCHEME I
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE L : ADMINISTRATIVE & GENERAL EXPENSES

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Legal and consultation fees	22,060	-
ECR Operating and Administrative Expenses	-	-
Agency fees	-	-
Travelling and conveyance	-	-
Rent	-	-
Rates and taxes	-	-
Repairs and maintenance	-	-
Bank commission	-	-
Registration expenses	-	-
Communication expenses	-	-
Insurance	-	-
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)	79,968	44,121
Audit Fees	2,26,083	2,20,656
Miscellaneous expenses	-	-
Total administrative & general expenses	3,28,111	2,64,777



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ITNL ROAD INVESTMENTS TRUST - SCHEME I

(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE M : INTEREST & FINANCE CHARGES

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Interest on loans for fixed period	-	-
Interest on debentures	-	-
Guarantee commission	-	-
Finance charges	-	-
Upfront fees on performance guarantee	-	-
Intrest on Deep Discount bonds	-	-
Other interest	-	-
Total interest and finance charges	-	-



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ITNL ROAD INVESTMENTS TRUST - SCHEME I
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

SCHEDULE N : PROVISION FOR TAXATION

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Current tax	-	-
Tax related to earlier years	-	-
Fringe benefit tax	-	-
Deferred tax charge (net)	-	-
Total provision for taxation	-	-



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ITNL ROAD INVESTMENTS TRUST - SCHEME I
Audit for the year ended March 31, 2011

Appendix S

List of Related Parties (IL&FS Group) and transactions with them not included in Related Party Disclosures in Notes to Accounts.

Nature of Relationship	Name of Entity	Acronym used
Holding Company :	IL&FS Transportation Network Limited	ITNL
Ultimate Holding Company	Infrastructure Leasing & Financial Services Ltd	IL&FS
Subsidiary	North Karnataka Expressway Limited	NKEL
Associates :		
Entity having Significant Control :	IL&FS Trust Company Ltd	ITCL
Key Management personnel :		

2. Details of balances and transactions during the period with related parties

Account head	Name of Entity	31st March 2011	31st March 2010
Rupees			
Balances:			
Unit Capital as on 31.03.2011	IL&FS Transportation Network Limited	1038541200	1031320600
Call Option Premium as on 31.03.2011 (APEL)	IL&FS Transportation Network Limited	116086390	116086390
Call Option Premium as on 31.03.2011 (NKEL)	IL&FS Transportation Network Limited	0	111357795
Call Option Premium as on 31.03.2011 (APEL)	Infrastructure Leasing & Financial Services Limited	163276500	163276500
Call Option Premium as on 31.03.2011 (NKEL)	Infrastructure Leasing & Financial Services Limited	36674000	71937467
Transactions:			
Contribution received during period	IL&FS Transportation Network Limited	7220600	220600
Trusteeship Fees	IL&FS Trust Company Limited	220600	220600

In terms of our clearance memorandum attached.
For Lakhani & Co.
Chartered Accountants
Firm Reg. No. 105524W

For IL&FS Trust Company Limited
(Trustee - ITNL Road Investments trust Scheme I)

Parag Modi
Partner
Membership No : 114105

Place: Mumbai
Date: 14th April, 2011



Authorized Signatory

SIGNIFICANT ACCOUNTING POLICIES

(1) Accounting for Rights under Service Concession Arrangements

i. Recognition and measurement

The Group builds roads under public-to-private Service Concession Arrangements (SCAs) which it operates and maintains for periods specified in the SCAs.

Under the SCAs, where the Group has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets". Such 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 recognised and classified as intangible assets. Such an intangible asset is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered).

Under the SCAs, 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".

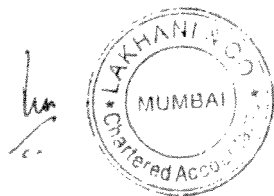
Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, overlay services) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

ii. Contractual obligation to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets, the timing and amount of such cost are estimated and recognised on an undiscounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts. In case of financial assets, such costs are recognised in the year in which such costs are actually incurred.

iii. Revenue recognition

Revenue from construction services is recognised according to the stage of completion of the contract, which depends on the proportion of costs incurred for the work performed till date to the total estimated contract costs provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is estimated to be profitable, revenue is recognised to the extent of recoverable costs. Any expected loss on a contract is recognised as an expense immediately. Revenue is not recognised when the concerns about collection are significant



Revenue from financial asset is recognised in the Profit and Loss Account as interest, calculated using the effective interest method from the year in which construction activities are started.

Revenue from operating and maintenance services and from overlay services is recognised in the period in which such services are rendered.

Revenue from intangible assets is recognised in the period of collection which generally coincides with the usage of the public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

iv. Borrowing cost

In respect of a financial asset, borrowing costs attributable to construction of the road are charged to Profit & Loss Account in the period in which such costs are incurred.

In respect of an intangible asset, borrowing costs attributable to construction of the roads are capitalised up to the date of completion of construction. All borrowing costs subsequent to construction are charged to the Profit and Loss Account in the period in which such costs are incurred.

v. Amortisation of Intangible Asset

The intangible rights which are recognised in the form of right to charge users of the infrastructure asset are amortised on the units of usage method i.e. on the number of vehicles expected to use the project facility over the concession period as estimated by the management.

A review of the estimated useful life/the concession period of the rights and number of vehicles expected to use the project facility over the balance period is undertaken by the Management based on technical evaluation by independent experts at periodic intervals to assess the additional charge for amortisation, if any

vi. Gains / Losses on intra-group transactions

As the financial assets and intangible assets recognized as aforesaid are acquired in exchange for infrastructure construction / upgrading services, gains / losses on intra group transactions are treated as realized and not eliminated on consolidation.

(2) Fixed Assets and Depreciation/Amortisation:

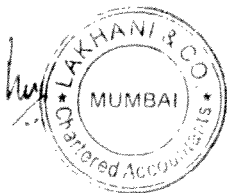
(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Group are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation on tangible fixed assets is computed as under:



- (i) In respect of premises, depreciation is computed on the Straight Line Method at the rates provided under Schedule XIV of the Companies Act, 1956.
- (ii) The Group has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 years
Licensed Software	Over the licence period
Intellectual Property Rights	5 - 7 years

- (iii) Depreciation on fixed assets, other than on assets specified in 2(a) (i) and (ii) above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956. Depreciation is computed pro-rata from the date of acquisition of and up to the date of disposal.
- (iv) Leasehold improvement costs are capitalised and amortised on a straight-line basis over the period of lease agreement unless the corresponding rates under Schedule XIV are higher, in which case, such higher rates are used.
- (v) All categories of assets costing less than Rs. 5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of purchase.

(b) Intangible assets and amortisation

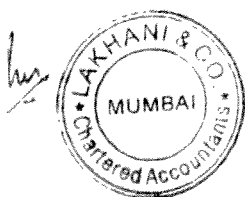
Intangible assets, other than those covered by SCAs, comprise of software and amounts paid for acquisition of commercial rights under an "Operation and Maintenance" agreement for a toll road project.

Intangible assets are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any.

Acquired intangible assets are reported separately from goodwill if they fulfill the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner.

An impairment test of such intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

Intangible assets, other than those covered by SCAs, are amortised on a "straight line" basis over their estimated useful lives. The estimated useful life of software is four years. The amount paid for acquisition of the rights under the "Operations and Maintenance" agreement is amortised over the minimum balance period (as at the time of acquisition) of the concession agreement relating to the corresponding toll road project.



(3) **Impairment of Assets:**

The carrying values of assets of the Group's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor

(4) **Government Grants:**

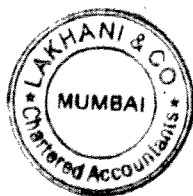
- (a) Government grants are recognised only when it is reasonably certain that the related entity will comply with the attached conditions and the ultimate collection is not in doubt.
- (b) Grants received as compensation for expenses or losses are taken to the Profit and Loss Account is accounted in the period to which it relates. Grants in the nature of promoter's contribution are treated as Capital Reserve.
- (c) Grants related to specific fixed assets are treated as deferred income, which is recognised in the Profit and Loss Account in proportion to the depreciation charge over the useful life of the asset.

(5) **Investments:**

- (a) Investments are capitalised at actual cost including costs incidental to acquisition.
- (b) Investments are classified as long term or current at the time of making such investments.
- (c) Long term investments are individually valued at cost, less provision for diminution that is other than temporary.
- (d) Current investments are valued at the lower of cost and market value.

(6) **Inventories:**

- (a) Inventories are valued at the lower of cost and net realisable value. Net realisable value is estimated at the expected selling price less estimated selling costs.
- (b) Costs for trading goods are determined using the annual weighted average principle and includes purchase price and non-refundable taxes.
- (c) Cost of raw material includes purchase price and non-refundable taxes.
- (d) Cost of manufactured goods include direct and indirect cost
- (e) Stock in trade of units in Mutual Funds are valued at the lower of cost and net asset value. Costs are determined on first-in-first-out basis. Net realisable value is determined on the basis of the net asset value of the scheme as at the year end.
- (f) Inventories of electronic cards (prepaid cards) and on-board units are valued at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis.



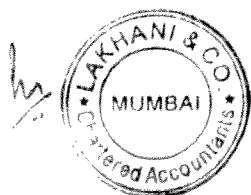
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(7) **Recognition of Revenue other than from Service Concession Arrangements:**

- (a) Revenue is recognised when it is realised or realisable and earned. Revenue is considered as realised or realisable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured.
- (b) Revenue in respect of arrangements made for rendering services over a specific contractual term is recognised on a straight-line basis over the contractual term of the arrangement. In respect of arrangements which provide for an upfront payment followed by additional payments as certain conditions are met (milestone payments), the amount of revenue recognised is based on the services delivered in the period as stated in the contract. In respect of arrangements where fees for services rendered are success based (contingent fees), revenue is recognised only when the factor(s) on which the contingent fees is based actually occur. In respect of the Group's trading activities, revenue is recognised on dispatch of goods, which coincides with the significant transfer of risks and rewards.
- (c) Revenue realised from grant of advertisement rights is recognised as follows:
- (i) Development fees are recognised as income during the year in which the advertisement rights are granted.
- (ii) License fees are recognised as income on a "Straight-Line" basis over the duration of the license.
- (d) Revenue from development projects under fixed - price contracts, where there is no uncertainty as to measurement or collectability of consideration is recognised based on the milestones reached under the contracts. Pending completion of any milestone, revenue recognition is restricted to the relevant cost which is carried forward as part of Unbilled Revenue.

(8) **Foreign Currency Transactions:**

- (a) Transactions in foreign currencies are translated to the reporting 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 expenses in the Profit and Loss Account.
- (b) Cash and bank balances, receivables, (other than those that are in substance the Group's net investment in a non integral foreign operation), and liabilities (monetary items) denominated in foreign currency outstanding as at the year-end are valued at closing date rates, and unrealised translation differences are included in the Profit and Loss Account.
- (c) Non monetary items (such as equity investments) denominated in foreign currencies are reported using exchange rate as at the date of the transaction. Where such items are carried at fair value, these are reported using exchange rates that existed on dates when the fair values were determined.



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- (d) Inter-company receivables or payables for which settlement is neither planned nor likely to occur in the foreseeable future and are in substance an extension to or a deduction from the Group's net investments in a foreign entity are translated at closing rates but the exchange differences arising are accumulated in a foreign currency translation reserve until disposal of the net investment, at which time they are recognised as income or expense in the Profit and Loss Account. Any repayment of receivables or payables forming part of net investment in foreign operations is not considered as partial disposal of investments in foreign operations and amounts previously recognised in the foreign currency translation reserve are not adjusted until the disposal of the ownership interest occurs.
- (e) The Group's forward exchange contracts are not held for trading or speculation. The premium or discount arising on entering into such contracts is amortised over the life of the contracts and exchange difference arising on such contracts is recognised in the Profit and Loss Account.

(9) **Employee Benefits:**

a. **Short Term**

Short term 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 Group.

b. **Long Term**

The Group has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Group and in the case of some defined contribution plans by the Group along with its employees.

(i) **Defined-contribution plans**

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Group's payments to the defined contribution plans are reported as expenses in the period in which the employees perform the services that the payment covers.

(ii) **Defined-benefit plans**

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.



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c. Other Employee Benefits

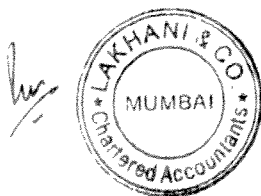
Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(10) 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.

(11) Provisions, Contingent Liabilities and Contingent Assets:

- (a) A provision is recognised when the Group 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.
- (b) Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.
- (c) These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (d) Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.
- (e) A contingent asset is neither recognised nor disclosed.



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(12) Segment Reporting:

- (a) Segment revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment.
- (b) Revenue, expenses, assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated Revenue/Expenses/Assets/Liabilities".

(13) Financial Income and Borrowing Costs:

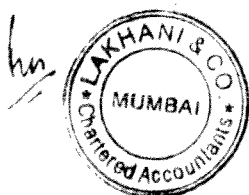
- (a) Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.
- (b) Interest income is accrued evenly over the period of the instrument.
- (c) Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

(14) Earnings Per Share:

- (a) Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the year.
- (b) Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

(15) Derivative Transactions:

- (a) Premium paid on acquisition of option contracts is treated as a current asset until maturity. If the premium paid exceeds the premium prevailing as at the date of the balance sheet, the difference is charged to the Profit and Loss Account. If the prevailing premium as at the balance sheet date exceeds the premium paid for acquiring option contracts, the difference is not recognised.
- (b) Premium received on option contracts written is treated as a current liability until maturity. If the premium prevailing on the balance sheet date exceeds the premium received on such options, the difference is charged to the Profit and Loss Account. If the prevailing premium as at the balance sheet date falls short of the premium received for writing option contracts, the difference is not recognised.



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- (c) Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholder's funds and the ineffective portion is recognised immediately in profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss account.

Hedge accounting is discontinued when the hedging instrument is expired or sold, terminated or exercised or no longer qualifies for hedge accounting. At the time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholder's funds is transferred to profit and loss account for the period.

(16) Leases:

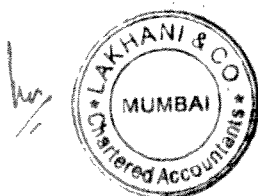
- (a) Finance leases, which effectively transfer to the Group substantial risks and benefits incidental to ownership of the leased item, are capitalised and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
- (b) Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(17) Share Based Payment Transactions:

- (a) A jointly controlled entity operates equity-settled, share option plan for eligible employees, including directors of that entity, whether full time or not and such other persons eligible to participate therein under applicable laws.
- (b) The options are valued at the difference between the trading price of the security in the Stock Exchange at the date of the grant and exercise price and are expensed over the vesting period, based on the entities estimate of shares that will eventually vest.
- (c) The total amount to be expensed over the vesting period is determined by reference to the value of the options granted, excluding the impact of any non-market vesting conditions.
- (d) At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable.

(18) Cash and Cash Equivalents:

Cash and bank balances, and current investments that have insignificant risk of change in value and original duration of up to three months, are included in the Group's cash and cash equivalents in the Cash Flow Statement.



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(19) **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 Statement".

(20) **Preliminary Expenses:**

Preliminary expenses incurred on incorporation are written off fully in the period of commencement of the business.



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ITNL ROAD INVESTMENTS TRUST- SCHEME I
Schedule P – Notes to accounts 31st March 2011.

1. Significant accounting policies

a. Basis of Accounting:

The financial statements are prepared on an accrual basis.

b. Investments:

(i) Long Term Investments are stated at cost. Cost of Investments includes all incidental expenses such as stamp duty etc. These investments are held by the Trust as strategic non-trade capital asset and not as a stock in trade or current investment.

(ii) Current Investments are valued at cost or market value whichever is lower.

c. Revenue:

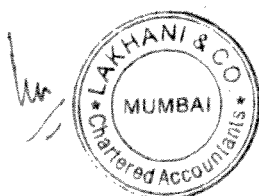
Revenue is accounted for on accrual basis. Revenue is recognised when no significant uncertainty on measurability and collectibility exists.

2. "The ITNL Road Investments Trust" (Trust) has been settled on February 22, 2007 by IL&FS Transportation Network Limited. ITNL Road Investments Trust – Scheme I (Scheme) has been established as a unit scheme of the "The ITNL Road Investments Trust".

3. Unit means one unit of such par value, of such Class representing such rights and interest, including such right to distribution from the Net Assets, accretions and / or income of Scheme as may be specified in the Indenture of the Trust, the Scheme Terms, Private Placement Memorandum and the Contribution Agreement

A) The Trust has, vide 3 separate Share Purchase Agreements dated March, 14 2007 between itself (on behalf of the Scheme, being the Purchaser) and Infrastructure Leasing & Financial Services Limited (IL&FS), IL&FS Infrastructure Equity Fund (IIEF) and IL&FS Transportation Networks Limited (ITNL) (collectively known as the Vendors) respectively, invested in the below mentioned shares of **North Karnataka Expressway Limited(NKEL)**:

Sr.No.	Name of Vendor	Total No. of Shares	Total Cost (Rs.)
1	IL&FS	93,57,635	18,52,81,173
2	IIEF	1,73,63,600	26,73,99,441
3	ITNL	23,80,404	3,66,58,221
	Total	2,91,01,639	48,93,38,835



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B) Call Option has been exercised for the shares of North Karnataka Expressway Limited (NKEL) during the Financial Year 2010-11 as given below :

Sr.No.	Name of Vendor	Total No. of Shares	Total Cost (Rs.)
1	IL&FS	37,11,944	3,71,19,440
2	IIEF	37,11,944	5,73,06,858
3	ITNL	74,23,853	11,43,27,336
	Total	1,48,47,741	20,87,53,634

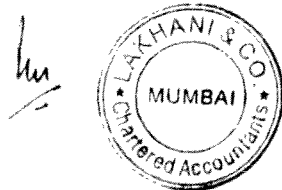
4. **Call Option Premium:**

Option Premium paid amounting to Rs 31,60,36,889/- is accounted as Loans and Advances. The details are as under:

A) **Details of Call Option Premium paid for Equity Shares of North Karnataka Expressway Limited(NKEL)**

Option grantor	No. of Options	Call Option Premium (Rs.)	Expiry Date
		Total	
Infrastructure Leasing & Financial Services Limited	38,60,421	3,66,73,999	Till the expiry of Concession Period as specified in Concession Agreement of NKEL ie December 31, 2019
Total		3,66,73,999	

Total amount payable on exercise of the above Call Options by the Trust on behalf of the Scheme on Exercise Date is Rs. 19,30,211/-



B) Details of Call Option Premium paid for Equity Shares of Andhra Pradesh Expressway Limited(APEL)

Option grantor	No. of Options	Call Option Premium (Rs.)	Expiry Date
		Total	
Infrastructure Leasing & Financial Services Limited	42,96,750	4,08,19,125	90 th Day after 3 years from Commercial Operation Date of APEL i.e. 29 th December, 2012
Infrastructure Leasing & Financial Services Limited	84,21,630	8,00,05,485	December 31,2011
Infrastructure Leasing & Financial Services Limited	44,68,620	4,24,51,890	Till the expiry of Concession Period as specified in Concession Agreement of APEL.
IL&FS Transportation Networks Limited	41,28,250	3,92,18,375	90 th Day after 3 years from Commercial Operation Date of APEL i.e. 29 th December, 2012
IL&FS Transportation Networks Limited	80,91,370	7,68,68,015	March 31,2012
Total		27,93,62,890	

Total amount payable on exercise of the above Call Options by the Trust on behalf of the Scheme is Rs.1,47,03,310/-

5. As per Call Option Agreements dt March 14,2007, in the event of Material Breach committed by the Trust, the Call Option Premium paid by the Scheme is non – refundable. Further, If the Call Option is not exercised by the Trust , then the Rights in call Option shall lapse and the call option premium will have to be written off.



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6. The sole beneficiary of the Scheme is IL&FS Transportation Network Ltd , Scheme is a definite (non-discretionary) private trust under Income Tax Act, 1961. As per the Trustee the income will be taxable in the hands of beneficiary, hence no provision for Income Tax and no provision for or recognition of deferred tax is made.
7. Related Party Transaction as per AS -18 :
The Trust has no control over fellow subsidiaries hence only fellow subsidiaries with whom the Trust has transacted are disclosed.

Name of Party	Relationship	Nature of Transaction	Transaction Amount	Closing balance as on 31.03.11
IL&FS Transportation Network Limited	Settlor and Beneficiary	Contribution towards Unit	72,20,600 (2,20,600)	1,03,85,41,200 (1,03,13,20,600)
Infrastructure Leasing & Financial Services Limited	Ultimate holding Company of Settlor	Call Option Premium	NIL (NIL)	19,99,50,499 (23,52,13,967)
IL&FS Transportation Networks Limited	Settlor and Beneficiary	Call Option Premium	NIL (NIL)	11,60,86,390 (22,74,44,185)
IL&FS Trust Company Limited	Entity having Significant Control	Trusteeship fees	2,20,600 (2,20,600)	NIL (NIL)

Note : figures in bracket denotes previous year figures.

8. Previous year's figure are regrouped and rearranged whenever necessary.

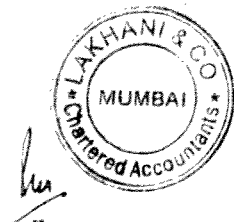
As per our report of even date attached


For M/S Lakhani & Co.
Chartered Accountants

For and on behalf of the Trustees

Parag Modi
Partner

Place: Mumbai
Date: 14th April, 2011




Authorised Signatory