

Elsamex Internacional

Annual Report

2010

Audit of the Component's Financial Information Clearance Memorandum

From: BERNARDO TAHOCS ACEBO

Date: May 31, 2011

Subject: Elsamex Internacional S.R.L'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 Elsamex Internacional S.R.L 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.

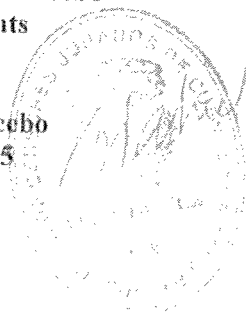
The preparation of the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement is the responsibility Elsamex Internacional S.R.L's management. As stated therein, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement has been prepared *in accordance with the recognition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



ELSAMEX INTERNACIONAL, S.R.L
(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	14,310,555	
Reserves and surplus	B	(2,274,326)	12,036,229
Minority interest	Q		-
Preference shares issued by subsidiary to Minority			-
Advance towards capital of subsidiary			-
Loan funds			
Secured			
Unsecured	C	73,368	73,368
Deferred tax liability	R		75,907
			<u>12,185,505</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		5,847,586	
Less: Depreciation	D	(2,664,173)	3,183,413
Net fixed assets			
Capital work in progress			
Goodwill on consolidation			-
Investments	E		2,761,247
Receivable under Service Concession Arrangement			-
Deferred Tax Asset	S		1,586,142
Current assets, loans & advances	F		
Inventories	F1	972,740	
Sundry debtors	F2	20,435,367	
Cash and bank balances	F3	694,673	
Other current assets	F4	224,857	
Loans and advances	F5	5,730,408	
		28,058,044	
Less : Current liabilities & provisions			
Current liabilities	G1	23,403,341	
Provisions	G2	-	
		23,403,341	
Net current assets			4,654,703
			<u>12,185,505</u>
Significant accounting policies	O		0
Notes to account	P		0

In terms of our clearance memorandum attached.
 For [Name of audit firm]
 Chartered Accountants

[Name of partner]
 Partner

Place:
 Date:

[Handwritten signature]
 31 Dec 2011

For and on behalf of the Board

[Handwritten signature]
 Managing Director

Director

Company Secretary

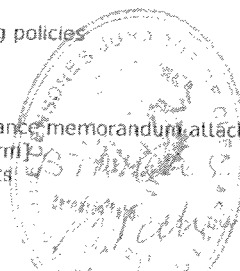
ELSAMEX INTERNACIONAL, S.R.L
(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
PROFIT AND LOSS ACCOUNT THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Year ended December 31, 2010 Euros
INCOME		
Income from operations	H	26,760,481
Other Income	I	7,142
Foreign exchange fluctuation (Net)	T	18,709
		<u>26,786,332</u>
EXPENSES		
Increase / decrease in stock in trade and work in progress		
Consumption of raw materials		
Operating Expenses	J	18,588,469
Employee Cost	K	2,694,874
Administrative and general expenses	L	3,290,644
Interest and finance charges	M	843,367
Preliminary expenses written off		-
		<u>25,417,354</u>
PROFIT BEFORE DEPRECIATION AND TAX		<u>1,368,978</u>
Depreciation	W	202,640
PROFIT BEFORE DIMINUTION AND TAX		<u>1,166,338</u>
Provision for Diminution in value of investments		-
PROFIT BEFORE TAX		<u>1,166,338</u>
Provision for tax	N	(381,100)
PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTREST)		<u>785,238</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>785,238</u>
Add / Less : Share of Profit / (Loss) of associates		-
PROFIT AFTER TAX		<u>785,238</u>
Balance of profit brought forward		-
Profit available for appropriation		785,238
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>785,238</u>
Basic / Diluted earnings per share (Face value per share Rs. ____)		0

Significant accounting policies
Notes to account

O
P

In terms of our clearance memorandum attached.
For [Name of audit firm]
Chartered Accountants



For and on behalf of the Board

Managing Director

[Name of partner]
Partner

Place:
Date:

Company Secretary

31 Dec 2010

ELSAMEX INTERNACIONAL, S.R.L
(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 2,862,111 equity shares of Euros 5 each	14,310,555
	<u>14,310,555</u>
ISSUED, SUBSCRIBED AND PAID-UP	
Suscribed and paid up 2,862,111 equity shares of Euros,5 each fully paid up	14,310,555
	<u>14,310,555</u>

ELSAMEX INTERNACIONAL, S.R.L
 (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

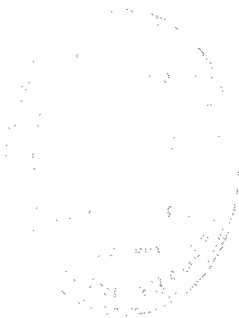
	Euros	As at December 31, 2010 Euros
Securities premium account		
Balance as per last Balance Sheet	(0)	
Addition during the period	_____	(0)
Capital reserve		
Opening balance	-	
Transfer during the period	_____	
Capital reserve on consolidation		
Opening balance	-	
Transfer during the period	_____	
Other statutory reserves (created through transfer of profits)		
Opening balance	62,854	
Transfer during the period	5,265	
	_____	68,119
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	(25,812)	
Add/(Less): Adjustment during the period (Net)	114,223	
	_____	88,411.14
Cash Flow Hedge Reserve		
Opening balance	(32,356)	
Add/(Less): Adjustment during the period (Net)	32,356	

Balance in Profit and loss account		(2,430,856)
Total reserves and surplus		<u><u>(2,274,326)</u></u>



ELSAMEX INTERNACIONAL, S.R.L**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS
SCHEDULES TO BALANCE SHEET AS AT December 31, 2010****SCHEDULE C : LOAN FUNDS**

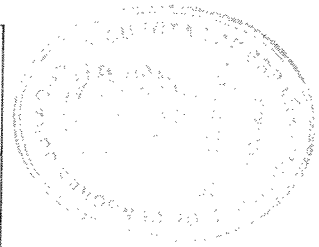
	As at December 31, 2010 Euros
SECURED	
From banks	-
From financial institutions	-
From others	-
Non convertible debentures	-
Deep discount bonds	-
Zero Coupon Bonds	-
Lease Finance	72,425
Interest accrued and due	-
Total secured loans	<u>72,425</u>
UNSECURED	
From Bank	
Short term loans	944
Other than short term loans	-
From Others	
Short term loans	-
Other than short term loans	48,000
Non-Covertible Debentures	-
Interest accrued and due	-
Total unsecured loans	<u>48,944</u>
Total loan funds	<u>121,369</u>



ELSAMEX INTERNACIONAL, S.R.L.
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF ELI&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	Conversion differences increases or decreases	Additions	Closing as at 31.12.10	Conversion differences increases or decreases	For the period	Deletions Reclassifications	Up to 31.12.10	As at 31.12.10	As at 31.12.09
Tangible Assets										
Land	106,108	4,778	-	110,886	-	-	-	-	110,886	106,108
Building & Structures	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-
Vehicles	1,021,215	50,034	25,723	1,178,367	(26,933)	(109,865)	(46,946)	(719,192)	459,176	485,375
Data Processing Equipments	72,865	7,021	7,254	82,451	(4,055)	(6,225)	(4,768)	(51,039)	31,412	33,774
Office Premises	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	35,271	1,562	8,745	40,091	(949)	(9,070)	6,852	(18,346)	21,745	14,092
Electrical Installations	7,034	-	-	7,034	-	(1,035)	-	(3,868)	3,165	4,220
Plant & Machinery	2,105,424	41,060	5,740	2,027,033	(19,644)	(63,503)	92,579	(1,766,842)	260,193	343,152
Capital work in progress	-	-	32,968	32,968	-	-	-	-	32,968	-
Advertisement Structure	-	-	-	-	-	-	-	-	-	-
Sub total	3,348,617	105,354	80,429	3,478,830	(51,566)	(133,521)	51,118	(2,539,255)	919,945	972,721
Leased Assets										
Plant & Machinery	165,458	-	-	165,458	(3,749)	(18,739)	-	(105,753)	59,705	82,193
Electrical Installations	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Furniture & fixtures	-	-	-	-	-	-	-	-	-	-
Building & Structures	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-
Sub Total	165,458	-	-	165,458	(3,749)	(18,739)	-	(105,753)	59,705	82,193
Intangible Assets										
Softwares / licenses	7,861	86	1,811	2,952	(6,806)	(380)	6,806	865	3,817	2,327
Goodwill	2,200,346	-	-	2,200,346	-	-	-	-	2,200,346	2,200,346
Right Under Service Concession Arrangements	-	-	-	-	-	-	-	-	-	-
Trademarks and Licenses	-	-	-	-	-	-	-	-	-	-
Others and R&D Expenses	-	-	-	-	-	-	-	-	-	-
Sub Total	2,208,207	86	1,811	2,203,298	(6,806)	(380)	6,806	865	2,204,163	2,203,672
Total fixed assets	5,721,682	105,440	82,240	5,947,566	(58,362)	(203,640)	57,924	(2,664,173)	3,183,412	3,287,596



ELSAMEX INTERNACIONAL, S.R.L**(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	-
<u>Long term investments</u>	
Unquoted equity shares (fully paid up)	2,761,247
Other investments	-
Sub total	<u>2,761,247</u>
<u>Current investments</u>	
In units of mutual funds (Market value as June 30, 2010 Rs. _____)	-
Sub total	-
Less: Provision for diminution	-
Total investments	<u><u>2,761,247</u></u>



ELSAMEX INTERNACIONAL, S.R.L(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	972,740
Stores and Spares	-
Total inventories	<u>972,740</u>
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)	
Considered good	20,435,367
Considered doubtful	1,212,241
	<u>21,647,608</u>
Less: Provision for doubtful debts	1,212,241
Total sundry debtors	<u>20,435,367</u>
CASH AND BANK BALANCES	
Cash in hand	35,295
Balance with scheduled banks	
In current accounts	659,378
In fixed deposits	-
Balance with non-scheduled banks	
In current accounts	-
In fixed deposits	-
Total cash and bank balances	<u>694,673</u>
OTHER CURRENT ASSETS	
Interest accrued	-
Option premium assets	-
Receivable against sale of investments	-
Other current assets	224,857
Total other current assets	<u>224,857</u>
LOANS AND ADVANCES	
Advances recoverable in cash or in kind or for value to be received	4,511,760
Deposits	-
Advance payment of taxes (net of provision)	-
Advance Fringe benefit tax (net of provision)	-
Long term loans	1,218,648
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>5,730,408</u>
Total current assets and loans & advances	<u><u>28,058,044</u></u>

ELSAMEX INTERNACIONAL, S.R.L
 (FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWORKS LIMITED)
 SCHEDULES TO BALANCE SHEET AS AT December 31, 2010

SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS

	As at December 31, 2010 Euros
CURRENT LIABILITIES	
Sundry creditors	22,453,045
Advance received	872,096
Interest accrued but not due	-
Other liabilities (Derivatives)	-
Unearned revenue	-
Income received in advance	-
Total current liabilities	<u>23,325,141</u>
PROVISIONS	
Provision for fringe benefit tax (net of advance)	-
Provision for Tax (net of advance)	30,200
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>30,200</u>
Total current liabilities & provisions	<u>23,355,341</u>



ELSAMEX INTERNACIONAL, S.R.L**(FOR CONSOLIDATION INTO THE FINANCIAL STATEMENTS OF IL&FS TRANSPORTATION NETWO
SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED December 31, 2010****SCHEDULE H : INCOME FROM OPERATIONS**

		Year ended December 31, 2010 Euros
Income from services		
Advisory and project management fees		-
Lenders' engineer and supervision fees		-
Operation and maintenance income		26,760,481
Toll revenue		-
Periodic Maintainance Income		-
Finance Income		-
Licence Fee		-
Total	(a)	<u><u>26,760,481</u></u>
Traded products		
Sales (net of sales tax)		-
Total	(b)	<u><u>-</u></u>
Construction Income		-
Total	(c)	<u><u>-</u></u>
Total income from operations (a+b+c)		<u><u>26,760,481</u></u>

ELSAMEX INTERNACIONAL, S.R.L

(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	7,003
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	139
Total other income	<u>7,142</u>

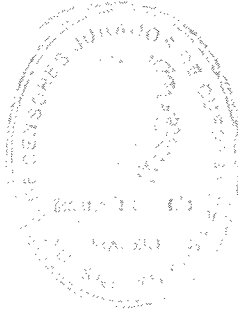


ELSAMEX INTERNACIONAL, S.R.L

(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 Euros</u>
Material Consumption	6,834,915
Cost of traded products	-
Construction Contract Costs	-
Fees for technical services / design and drawings	-
Diesel and Fule Expenses	-
Operation and maintainance expenses	11,753,554
Provision for overlay expenses	-
Periodic maintainance expenses	-
Total operating expenses	<u><u>18,588,469</u></u>



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

SCHEDULE K : EMPLOYEE COST

	<u>Three Months ended December 31, 2010 Euros</u>
Salaries and allowances	2,355,339
Contribution of provident and other funds	339,535
Staff welfare expenses	-
Total employee cost	<u><u>2,694,874</u></u>

ELSAMEX INTERNACIONAL, S.R.L**(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**

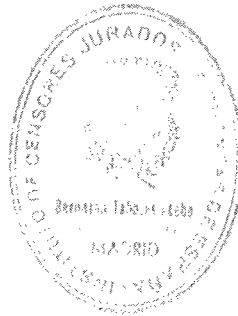
	Three Months ended December 31, 2010 Euros
Services Various	
Legal and consultation fees	65,568
ECR Operating and Administrative Expenses	
Agency fees	
Travelling and conveyance	74,142
Rent	11,154
Rates and taxes	53,397
Repairs and maintenance	1,392
Bank commission	17,596
Registration expenses	
Communication expenses	
Insurance	15,763
Exchange rate fluctuation	
Printing and stationery	
Electricity charges	
Cost of shared services	
Directors' fees	
Bad debts and provision for doubtful debts	(2,703)
Project management fees	
Loss on sale of assets (net)	925
Royalty	
Miscellaneous expenses	3,053,410
Total administrative & general expenses	<u>3,290,644</u>



ELSAMEX INTERNACIONAL, S.R.L
(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	843,367
Interest on debentures	-
Guarantee commission	-
Finance charges	-
Upfront fees on performance guarantee	-
Intrest on Deep Discount bonds	-
Other interest	-
Total interest and finance charges	843,367



ELSAMEX INTERNACIONAL, S.R.L
(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

	<u>Three Months ended</u> <u>December 31, 2010</u> Euros
Current tax	381,100
Tax related to earlier years	-
Fringe benefit tax	-
Deferred tax charge (net)	-
Total provision for taxation	<u><u>381,100</u></u>

