



Delhi-Noida Toll Plaza

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The **Annual General Meeting** will be held on Wednesday, August 4, 2010, at Y. B. Chavan Auditorium, Gen. J. Bhosale Marg, Mumbai 400001, at 3.30 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies at the meeting

We know, because
we are building
a significant portion of it



Sensor Paver road construction in progress

Much like its ancient rivers which have sustained a civilization, the roads of modern India represent its lifeline. They are the crucial arteries, which connect the farthest corners of this vast land, ushering in socio-economic development, reducing distances, merging cultures and paving the path of progress. Roads are key to realising the dream of a developed, resurgent India

Road development remains the Government's top priority to catapult a developing economy into the league of advanced nations

The seriousness is amply reflected in the numbers and policies; the National Highway Development Project (NHDP) and Bharat Nirman Programme involve an investment of over Rs. 2,300 Billion till 2012, towards the development of the country's road infrastructure. A major part of the programme envisages increased private sector participation. Foreign Direct Investment (FDI) of 100% is also allowed under the automatic route for all road development projects, in addition to income tax exemption for a period of 10 years

At ITNL, we are inspired by this mission of nation building. We are India's largest private sector Build, Operate and Transfer (BOT) road operator, engaged in developing, designing, operating, maintaining and facilitating surface transportation infrastructure projects – taking projects from conceptualisation to commissioning to operations and maintenance

Our inspiration is strengthened by our capabilities and our legacy, making our business exciting, value generating and sustainable

Ahmedabad-Mehsana Highway

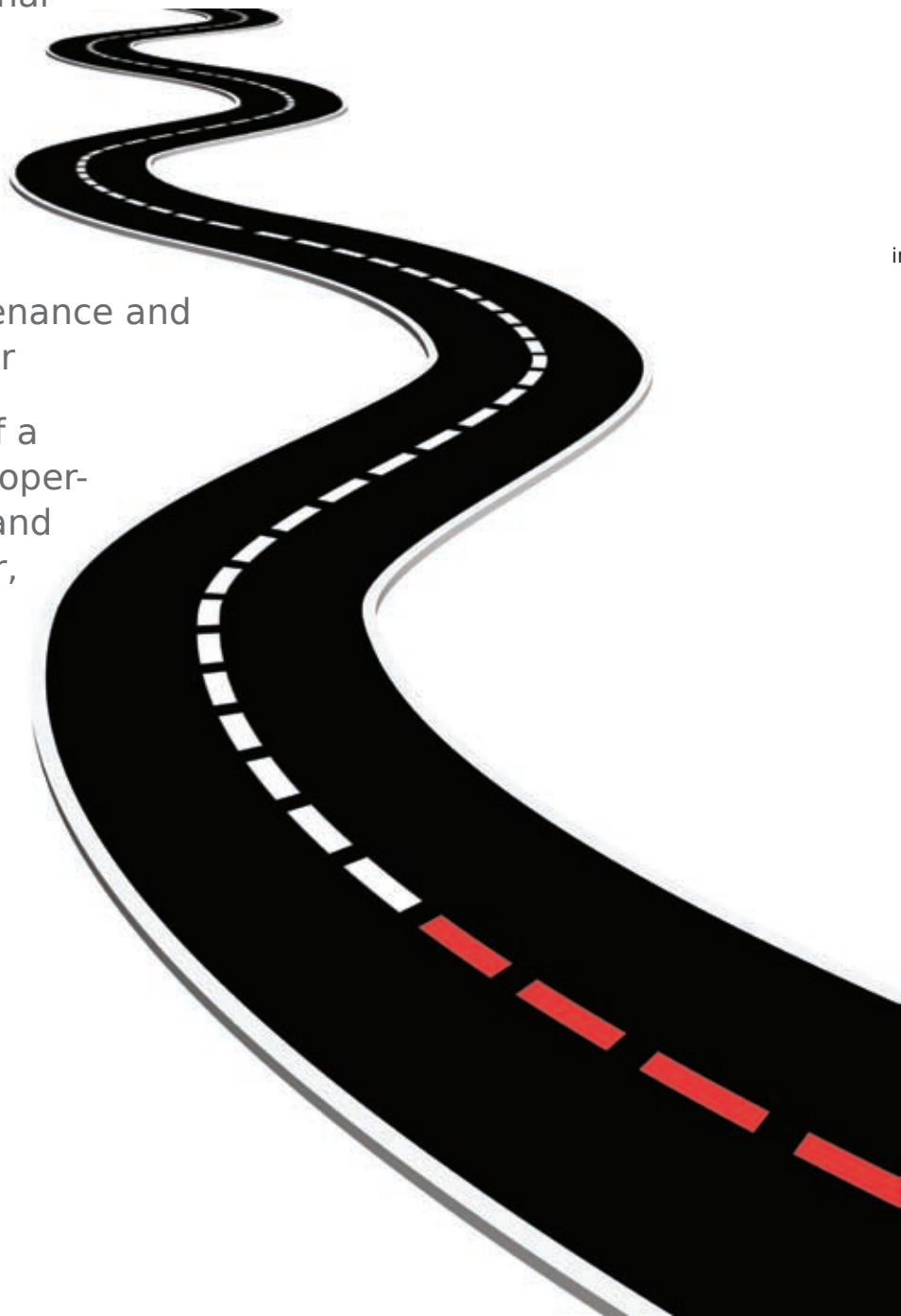


/// Road to sustainable growth ///

ITNL was incorporated in 2000 by Infrastructure Leasing and Financial Services Limited (IL&FS), an infrastructure development and finance company. We have built a diverse project portfolio in the Build, Operate and Transfer (BOT) road segment. In addition, our presence is also marked in the urban transportation space.

We have an international footprint that spans Spain, Portugal and Latin America with the acquisition of Elsamex S.A., a Spain-based highway operations and maintenance and allied services provider

We provide services of a sponsor, project developer-manager, operations and maintenance manager, design and value-engineer



////// The roads of our business optimism revolve around key competencies ////

Belgaum Maharashtra Border Road



Diversified national presence

Strong parentage of IL&FS

Service portfolio

Track record of successful
project implementation

Partnerships with various
State Governments

Strong promoter support and
experienced management
team



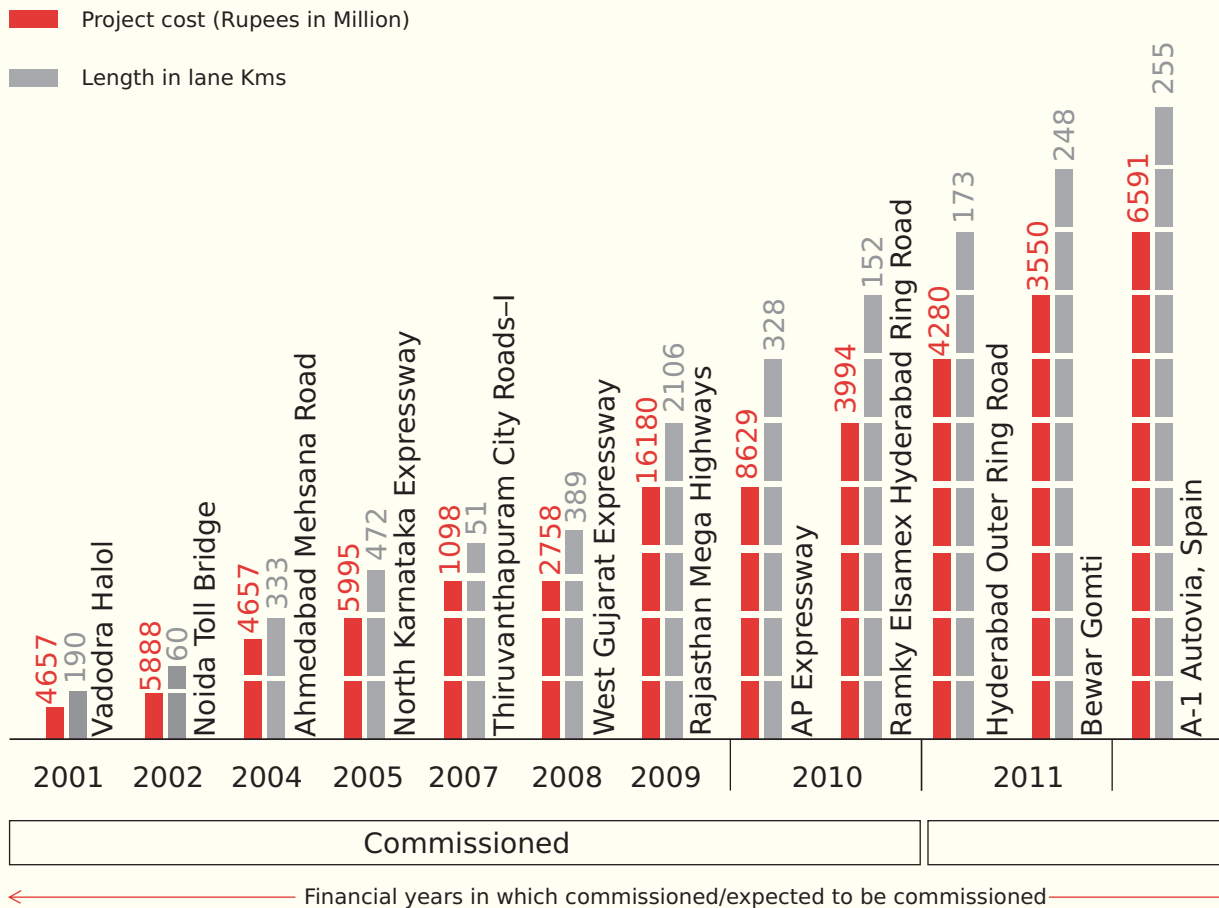
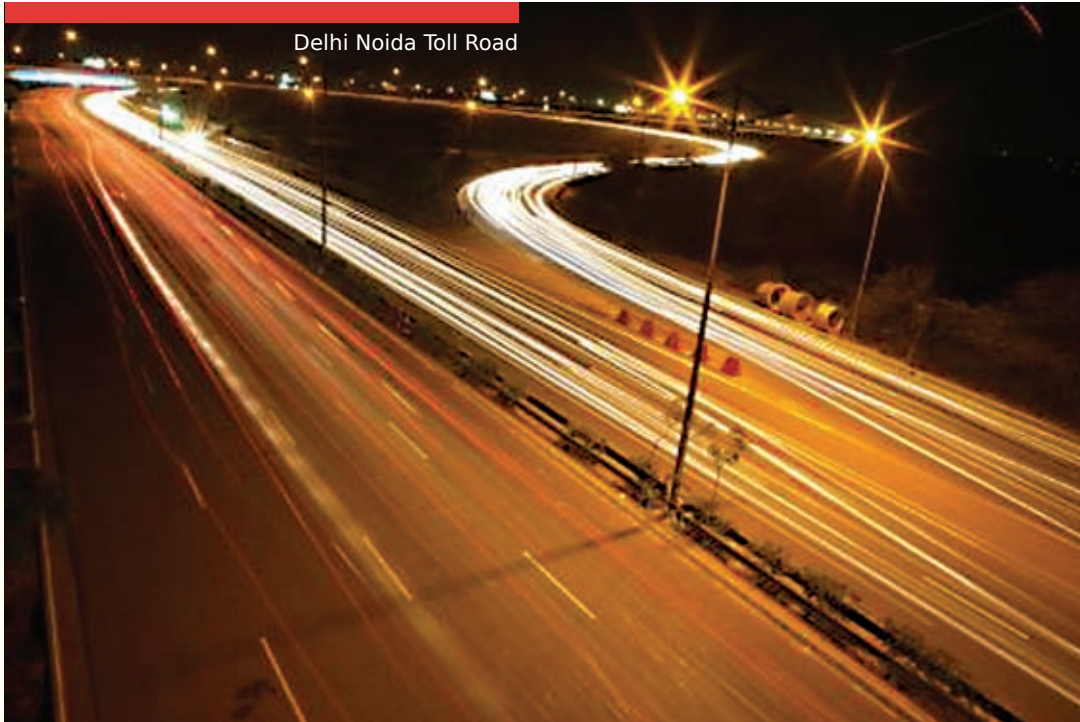
Market leadership in the
transportation infrastructure
sector

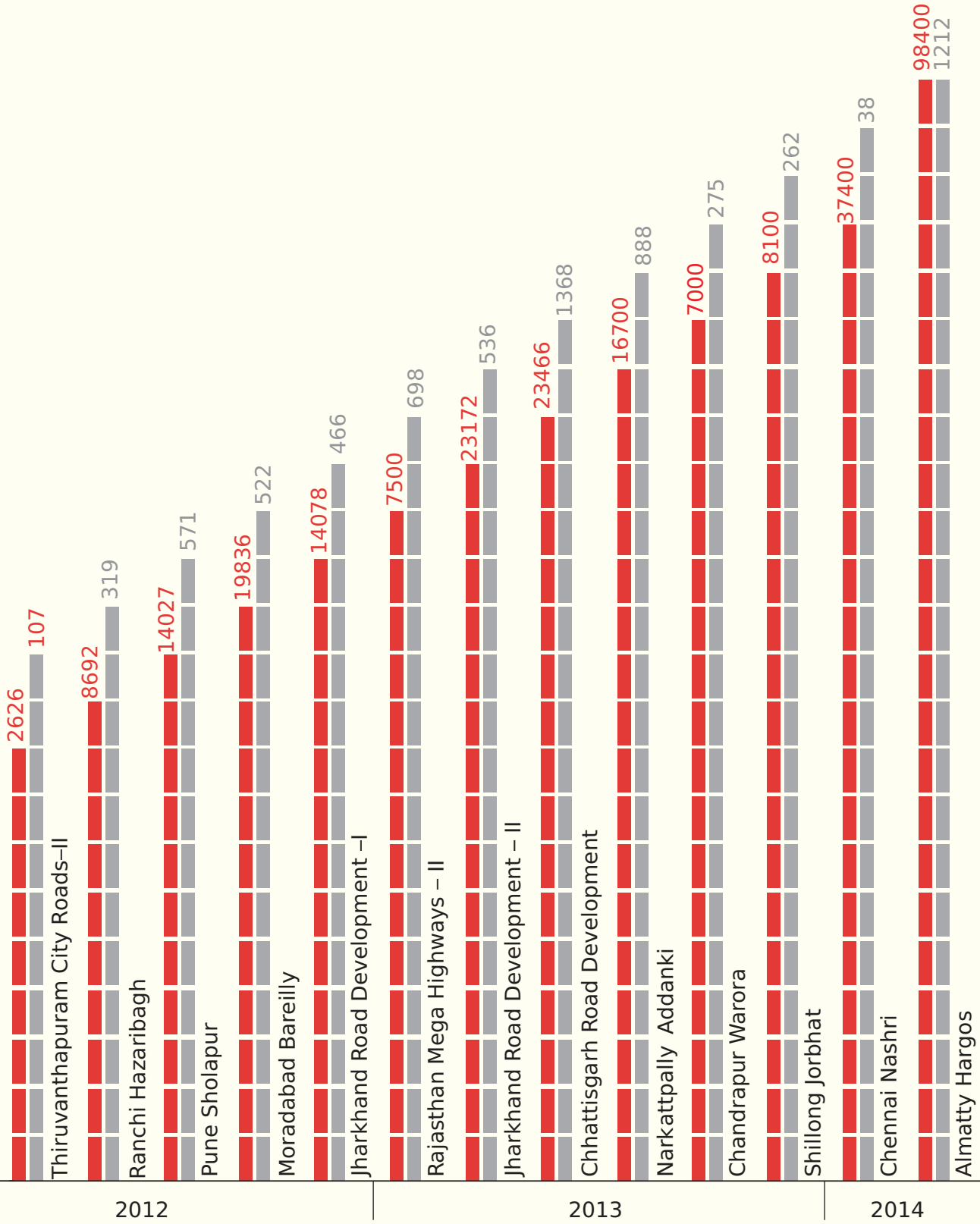
Proven, extensive and
advanced execution
capabilities

Financial credibility

Diversified and
de-risked business portfolio
of road projects and other
infrastructure projects

ITNL's rich road projects portfolio





Under Development/Implementation

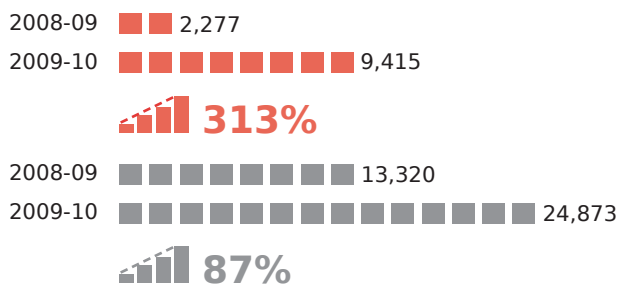


Performance 2009-2010

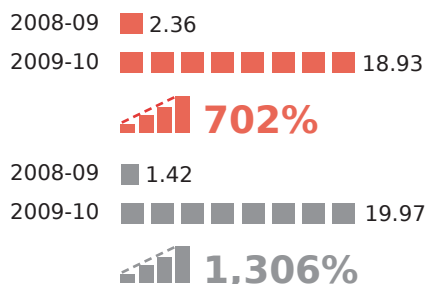
■ Standalone
 ■ Consolidated



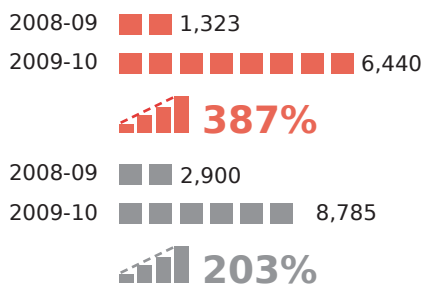
Revenue (Rupees in Million)



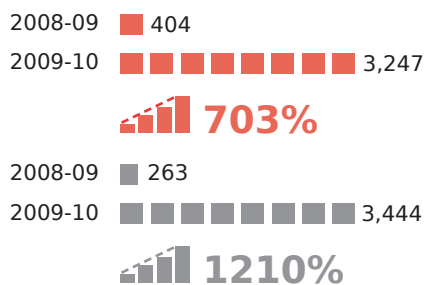
EPS (Amount In Rupees)



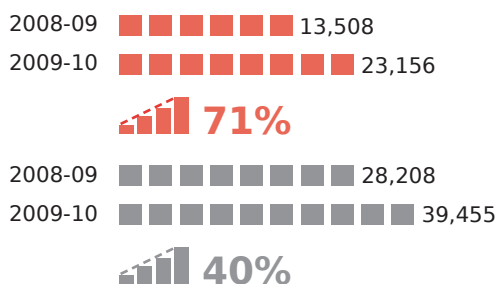
EBIDTA (Rupees in Million)



PAT (Rupees in Million)



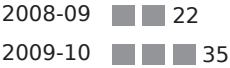
Average Capital Employed (Rupees in Million)





Hyderabad Outer Ring Road

Operating Margins (%)



Net Profit Margins (%)



Interest Cover (Times)



Debt Equity (Times)



Projects awarded in 2009-10

| Project | Authority | BOT Type | Size | Estimated Cost (Rupees in Million) |
|----------------------------------|-------------------------------------|----------|------------------|------------------------------------|
| Road Sector | | | | |
| Hazaribagh to Ranchi | NHAI | Annuity | 319 | 8,692 |
| Pune to Sholapur | NHAI | Toll | 571 | 14,027 |
| Moradabad to Bareilly | NHAI | Toll | 522 | 19,836 |
| Three stretches under JARDP | Government of Jharkhand | Annuity | 466 | 14,078 |
| Mega Highways –II | Government of Rajasthan | Toll | 698 | 7,500 |
| Chandrapur Warora | Government of Maharashtra | Toll | 275 | 7,000 |
| Sub-Total (Lane Kms) | | | 2,851 | 71,133 |
| Rail Sector | | | | |
| | Haryana Urban Development Authority | | | |
| Gurgaon Metro Rail | | BOOT | 4.9 | 11,000 |
| Sub-Total (Km) | | | 4.9 | 11,000 |
| Bus Transportation Sector | | | | |
| Nagpur City Bus Transportation | | - | 300 Buses | 180 |
| Sub-Total | | | 300 Buses | 180 |
| Total | | | | 82,313 |

Projects achieving financial closure in 2009-10

| Project | Size | Estimated Cost (Rupees in Million) |
|--------------------------------|-------------|------------------------------------|
| Hazaribagh to Ranchi | 319 lane Km | 8,692 |
| Pune to Sholapur | 571 lane Km | 14,027 |
| Moradabad to Bareilly | 522 lane Km | 19,836 |
| Three stretches under JARDP | 466 lane Km | 14,078 |
| Thiruvanthapuram City Roads | 107 lane Km | 2,626 |
| Nagpur City Bus Transportation | 300 Buses | 180 |
| Total Funds Tied-up | | 59,439 |

ITNL's project pipeline for 2010-11

| Project | Authority | BOT Type | Length (lane Km) | Estimated Cost (Rupees in Million) |
|--|--------------------|--------------|------------------|------------------------------------|
| Projects awarded after March 31, 2010 | | | | |
| Chennai to Nashri in Jammu and Kashmir | NHAI | Annuity | 38 | 37,400 |
| Jorbat to Shillong in North East | NHAI | Annuity | 262 | 8,100 |
| Narkattpally to Addanki in Andhra Pradesh | Govt of AP | Toll | 888 | 16,700 |
| Total | | | 1,188 | 62,200 |
| Lowest/ Preferred Bidder | | | | |
| Almaty to Khorgos in Kazakhstan | Govt of Kazakhstan | Toll/Annuity | 1,212 | 98,400 |
| Total | | | 1,212 | 98,400 |
| Total Project Cost | | | | 1,60,600 |

| | RFP Stage | | | RFQ Stage | | | Total Pipeline | | |
|----------------|-----------|--------------|--------------------------|-----------|--------------|--------------------------|----------------|-----------|-----------------|
| | Projects | Length (Km) | Cost (Rupees in Million) | Projects | Length (Km) | Cost (Rupees in Million) | Awarded | | |
| NHAI | 15 | 1,877 | 1,09,066 | 26 | 2,641 | 1,33,162 | Preferred | 1 | 98,400 |
| MORTH | 2 | 191 | 5,580 | 6 | 674 | 31,842 | RFP Stage | 24 | 1,45,686 |
| STATE PROJECTS | 7 | 948 | 31,040 | 22 | 2,502 | 1,14,978 | RFQ Stage | 54 | 2,79,983 |
| Total | 24 | 3,017 | 1,45,686 | 54 | 5,818 | 2,79,983 | Total | 82 | 5,86,269 |

Chairman's message

“The government has now realised the role of roads in enhancing business and commerce, creating rural employment and accelerating socio-economic development.”



Mr. Deepak Dasgupta,
Chairman, IL&FS Transportation Networks Limited

Dear Shareholders,

At ITNL, we are all excited for a credible reason

We stand at an inflection point in the history of our organisation, when the sectoral opportunity is vast and the time to convert that opportunity into viable business growth is limited. Let me explain

India's road network (3.3 Million Kms) is the world's third largest. In terms of density and road quality, India still lags behind many developed and developing countries of the world. India's road density is 770 Kms per 1,000 square Kms, against the world average of 840 Kms, according to a study by FICCI and Ernst & Young. The government has now realised the role of roads in enhancing business and commerce, creating rural employment and accelerating socio-economic development. Besides, in a country with diverse topographies and the world's second largest population, roads are critical to alleviate poverty and backwardness. Preliminary estimates of the government's infrastructure spend in the Twelfth Five-Year Plan are approximately Rs. 369 Billion. But this is just the tip of the iceberg. The road ahead is very encouraging

Developmental vision

The Government's Bharat Nirman Programme aims to cover every village, having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads. Considering the huge investments required, the Government is increasingly encouraging private participation for mobilising the resources needed to bridge the infrastructure deficit. Recently, the World Bank agreed to provide an assistance of

Rs. 138 Billion loan for developing national highways by converting 6,372 Kms of one-lane highways to two-lane, out of the total of 19,702 Kms of single lane highways in the country. In terms of the less viable projects, the government increased the viability gap funding (VGF) from 20% to 40%. Formerly, the grant used to be given in two phases i.e. during construction and during operations and maintenance, but is now provided during the construction stage. In this manner project implementation does not get delayed for paucity of funds

This is our opportunity and this is our focus. We will address it through accelerated momentum and progressive capacity building to emerge as a responsible, reliable and responsive corporate in the business of surface transport infrastructure

Developments at ITNL

ITNL has developed various road projects across the country for over a decade and has enhanced its engineering, designing, planning and project

“Recently, the World Bank agreed to provide an assistance of Rs. 138 Billion loan for developing national highways”

monitoring skills. We are now recognised for quality consciousness and deep commitment towards on-time project delivery within the budgeted cost. This track record ensured that we were awarded six new road projects during the year, of which five achieved financial closure. Post the closure of the financial year 2009-10, we have, also been awarded three projects in Andhra Pradesh, Meghalaya and Jammu and Kashmir. These projects shall generate a mix of toll-based and annuity based incomes for ITNL. I am pleased to inform you that of the total bids amounting to approximately

Rs. 292,028.40 Million, awarded by National Highway Authority of India (NHAI) in 2009-10, we secured a 9.33% share. Today, ITNL has successfully built its road asset portfolio of approximately 12,000 lane Kms, spread across 22 projects

ITNL also has a footprint in Urban Transportation beyond roads. We entered the Metro Rail Segment through our subsidiary Rapid MetroRail Gurgaon Limited by signing a concession agreement with Haryana Urban Development Authority (HUDA) for a 4.9 Kms. elevated metro rail loop line, which would connect Sikanderpur station of Delhi Metro to the Central Business District of Gurgaon through DLF Cyber City at an estimated cost of Rs. 11,000 Million. We expanded our bus transportation business at Nagpur, through a supplementary concession agreement executed between the Company's subsidiary, Vansh Nimay Infraprojects Limited and the Nagpur Municipal Corporation for operating and maintaining 300 additional buses for 10 years

We also initiated our entry into another sub-sector of the transportation business i.e. Airports. We took over from Maytas Infrastructure Limited, the airport portfolio comprising of two airports at Gulbarga and Shimoga in Karnataka. These two airports would be built and commence operations in the next 24 months

In addition, we continue to auction the toll receipts for some of our toll road projects to third parties typically for 12-month period in exchange for a fixed fee, mitigating revenue volatility in toll revenues

International presence

The Company has also witnessed positive developments on the international front. We were declared the preferred bidder, for the 300 Kms. (1,212 lane Kms.) road stretch between Almaty-Khorgos in Kazakhstan in Joint Venture with three Italian companies namely, Impregilo S.p.A., Todini S.p.A. and Salini Costruttori S.p.A. Our equity holding in the project is agreed to be 37%. We are in discussions with the Middle East Coal Pte Limited, Singapore,

“Of the total NHAI bids amounting to approximately Rs. 292,028.40 Million in 2009-10, we secured a 9.33% share”

for financing, developing and implementing coal evacuation infrastructure facilities in Muara Wahau, Indonesia. Apart from that, we continued to generate revenues from Elsamex's (our 100% Spain based subsidiary) maintenance business and from, annuity receipts, toll collection, operation and maintenance activities and advisory and project management fees from BOT road projects

An eventful year

In 2009-10 our financial performance was satisfactory. Both our revenues and profits registered a significant growth, and our balance sheet emerged stronger. We successfully concluded our Initial Public Offer (IPO) and got listed on the NSE and BSE on March 30, 2010. I am grateful to the investors for their overwhelming response to our IPO which was oversubscribed many times. It is believed that the amount of subscription our IPO attracted is one of the highest among all issues in the recent past. I warmly welcome all our new shareholders to the ITNL family. We remain committed to enhancing our operations in a sustainable manner so as to deliver long-term value to all our stakeholders.

Note of gratitude

I express my sincere gratitude to the Shareholders, Lenders, Banks, Financial Institutions, Securities Exchange Board of India, NSE, BSE, Reserve Bank of India, National Highways Authority of India, Airports Authority of India, Central and State Governments and other regulatory authorities/agencies for providing continuous support. I wish to express my appreciation to my colleagues on the Board and to our employees for their dedication and commitment. I am grateful to you for your support and the trust bestowed upon us. Backed by a diverse project portfolio and robust pipeline, coupled with a strong, efficient and loyal workforce and continuing support from bankers, the management is confident that the Company will be able to achieve its internal targets in the coming years

**Best wishes,
Deepak Dasgupta**

The way we operate powers the vision we cherish

At ITNL, our vision is to transform India's surface transportation infrastructure. This vision is strengthened everyday by the way we prioritise our projects and the way we perform from project conceptualisation to commissioning to operations



Delhi-Noida bridge

At ITNL, **project implementation** entails drawing up a detailed design, liaising with the concessioning authority and respective government agencies, optimising costs while maintaining quality and resolving logistical issues. But our responsibility does not end there. It extends to road maintenance, upkeep and operation services, as well as user and emergency services. The result is that we now possess the largest road asset portfolio (in terms of lane Kms) across majority of the states in India

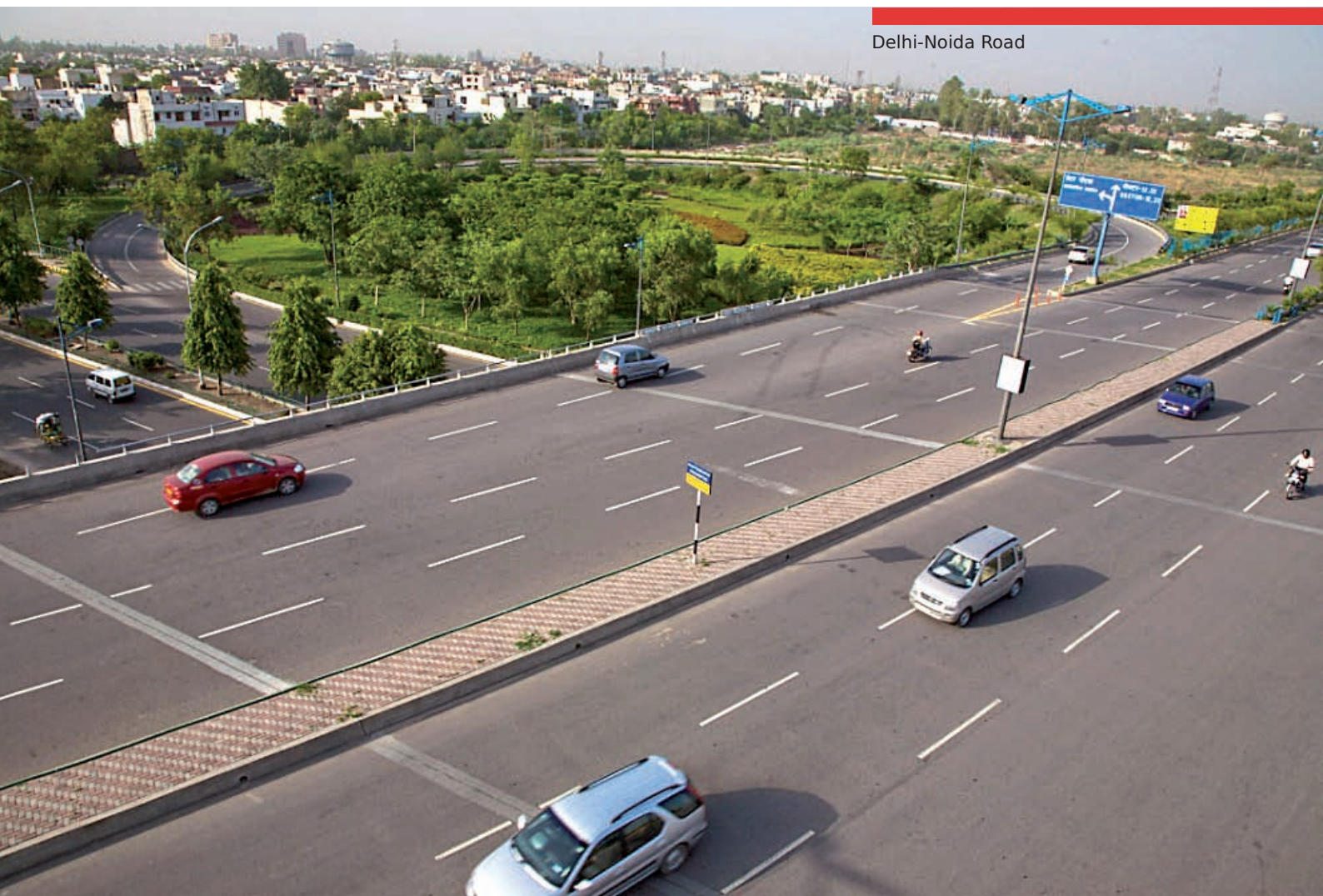
~ 12,000

lane kms

ITNL's road assets
portfolio of 22 projects

////// The financial strength
we possess enhances
the credibility we enjoy ////

At ITNL, our stronger financial credibility has strengthened our bidding capability and expanded our operations into new sub-sectors in India's surface transportation infrastructure industry and outside India in the areas of toll roads, airports and urban transportation infrastructure



Delhi-Noida Road

At ITNL, our numbers make a bold statement: revenue growth at **94% CAGR** over the last 3 years; strong networth of **Rs. 15,758 Million** (as on March 31, 2010); **high operating margins of 68%**; attractive gearing of 0.97; strong reputation of promoters and alliances with international partners facilitated fund mobilization

16%

Average post tax
dividend IRR across
every project

////// The capabilities we possess
strengthen the reputation we built //////////////

Our technology, our experienced management and project diversity have enhanced our credibility as a dependable industry player

Vadodra-Halol Road



While our in-house **ISO 9001-2000** certified testing laboratory evaluates project materials and those of third parties, our interactive web-based Project Management Information System (PMIS) enables road inspection and maintenance, arboriculture, accident management, traffic updates and provides project information to our project teams. Moreover, Elsamex, our subsidiary, has a private laboratory in Spain for the development and certification of new asphalt technologies and quality control. Besides, our technical expertise in the areas of structures, designing operations and maintenance drive business expansion. We have de-risked our portfolio by reducing reliance on single project and single region

3 New Projects
awarded to ITNL
within the first quarter
of 2010-11

////// The human capital
we develop drives
the brand we are proud of ////

At ITNL, we believe a business cannot survive unless its people are enterprising, future-focused and well equipped to take on myriad project challenges

Belgaum Maharashtra Border Road



Our skilled team of over **120 engineers** and technical staff, drive execution excellence. ITNL's well structured and dedicated team ensures on-time project delivery and consistent quality. We encourage meritocracy and create the right opportunities for people to grow within the organisation, while our round-the-year training programs cover behavioural, functional, managerial and leadership areas. This enhances people retention and cross-hierarchy bonding, driving organisational objectives

93.71%

Employee retention
rate

Glimpse of ITNL's projects

North Karnataka Expressway Limited Belgaum Maharashtra Border Road



Scope Development of four lanes with service roads on both sides, aggregating to approximately 472 Lane Kms in length between Belgaum in the State of Karnataka up to Maharashtra Border

Concession The Concession was awarded by NHAI on a BOT (Annuity) basis for a period of 17.5 years (including a construction period of two and a half years). The Concession Agreement was signed in July 2002. The Project commenced operation in July 2004

Equity held 74.50% (Direct and Indirect)

Beneficial Interest 19%

West Gujarat Expressway Limited Jetpur Rajkot Gondal Road



Scope Widening of the existing Jetpur-Gondal road from two lanes to four lanes, the improvement of the existing four lanes between Gondal and Rajkot, the widening of the existing Rajkot bypass from two lanes to four lanes on the National Highway 8 B and construction of side roads, with an aggregate length of approximately 389 Lane Kms in the State of Gujarat

Concession The Concession was awarded by NHAI on a BOT (toll) basis for a period of 20 years (including a construction period of two and a half years). The Concession Agreement was signed in September 2005. The Project commenced operation in March 2008

Equity held 49%

Beneficial Interest 51%

NOIDA Toll Bridge Company Limited Delhi to NOIDA, Uttar Pradesh



Scope Development of a toll bridge and approach roads with approximately 60 Lane Kms connecting Delhi to NOIDA in the State of Uttar Pradesh

Concession The Concession was awarded to our Promoter by the New Okhla Industrial Development Authority ('NOIDA') on a BOT (Toll) basis for a period of 30 years (including a construction period of two and a half years). The Concession Agreement was signed in December 1998. The Project commenced operation in February 2001

Equity held 25.35%

Gujarat Road and Infrastructure Company Limited

1) Vadodra-Halol Road



Scope Development of an approximately 190 Lane Kms on State Highway No. 87 from Vadodara to Halol in the State of Gujarat

Concession The Concession was awarded to our Promoter by the Government of Gujarat on a BOOT (Toll) basis, which commenced from the date of signing of Concession Agreement and shall extend till a period of 30 years from the operations date. The Concession Agreement was signed in October 1998. The Project commenced operation in October 2000

2) Ahmedabad-Mehsana Road



Scope Development of an approximately 333 Lane Kms section of State Highway Numbers 41 and 133 from Ahmedabad to Mehsana in the State of Gujarat

Concession The Concession was awarded to our promoter by the Government of Gujarat on a BOOT (Toll) basis, which commenced from the date of Concession Agreement and shall extend till for a period of 30 years from the operations date. The Concession Agreement was signed in June 2000. The Project commenced operation in February 2003

Equity held 83.61%

Thiruvananthapuram Road Development Company Limited

Thiruvananthapuram City Roads (Phase I)



Scope Development of roads, with an aggregate length of approximately 158 Lane Kms in Thiruvananthapuram city in the State of Kerala in three phases

Concession The Concession was awarded by the Kerala Road Fund Board on a BOT (Annuity) basis for a period of 17.5 years (including an initial construction period of two and a half years). The Concession Agreement was signed in May 2004 and phase 1 has been completed and is operational since November 2006

Equity held 49.99%

Glimpse of ITNL's projects

Andhra Pradesh Expressway Limited
Kotakatta - Kurnool Road



Scope Development of 328 Lane Kms connecting Kotakatta bypass to Kurnool on National Highway-7 in the State of Andhra Pradesh

Concession The Concession was awarded by NHAI on a BOT (Annuity) basis for a period of 20 years (including a construction period of two and a half years). The Concession Agreement was signed in October 2006. The Project commenced operations in October 2009

Equity held 49%

Beneficial Interest 51%

Road Infrastructure Development Company of Rajasthan Limited
Mega Highways Project Rajasthan (Completed)



Scope Development of two highway lanes with an aggregate length of 2,106 Lane Kms and the improvement of four corridors, connecting Phalodi to Ramji-ki-Gol, Hanumangarh to Kishangarh, Alwar to Sikandra, Lalsot to Kota, and Baran to Jhalwar in the State of Rajasthan

Concession The Concession was awarded to Promoter by the Government of Rajasthan on a PPP (Toll) basis for a period of 32 years (including a construction period of two years). The concession Agreement was signed in January 2006. The Project commenced operation in March 2009

Beneficial Interest 50%

Projects under construction

East Hyderabad Expressway Limited

Pedda Amberpet to Bongalur section of Hyderabad Outer Ring Road



Scope Development of eight-lane wide expressway with an aggregate length of approximately 173 Lane Kms outer ring road in Hyderabad in the State of Andhra Pradesh

Concession The Concession was awarded by the Hyderabad Urban Development Authority and Hyderabad Growth Corridor Limited on a BOT (Annuity) basis for a period of 15 years (including a construction period of two and a half years). The Concession Agreement was signed in September 2007. The Project is expected to be completed shortly

Equity held 74%

Thiruvananthapuram Road Development Company Limited

Thiruvananthapuram City Roads (Phase II and Phase III)



Scope Development of roads with an aggregate length of approximately 158 Lane Kms in Thiruvananthapuram city in the State of Kerala in three phases

Concession The Concession for Phases II and III of this project was awarded by the Kerala Road Fund Board on a BOT (Annuity) basis for a period of 17.5 years (including an initial construction period of two and a half years). The Concession Agreement was signed in May 2004. The Phase II and III Project is expected to be completed by November 2011

Equity held 49.99%

Ramky Elsamex Hyderabad Ring Road Limited

Tukkuguda to Shamshabad section of Hyderabad Outer Ring Road



Scope Development of an eight-lane wide expressway with an aggregate length of approximately 152 Lane Kms of the Outer Ring Road in Hyderabad in the State of Andhra Pradesh

Concession The Concession was awarded by Hyderabad Urban Development Authority and Hyderabad Growth Corridor Limited on a BOT (Annuity) basis for a period of 15 years, including an initial construction period of two and a half years. The Concession Agreement was signed in November 2007. The Project was completed in November 2009

Equity held 26% (Indirect)

Projects under construction

ITNL Road Infrastructure Development Company Limited
Beawar Gomti Road



Scope Development of two lanes with an aggregate length of approximately 248 Lane Kms with an option to construct a four lane highway on the Beawar Gomti Highway connecting Beawar to Gomti in the State of Rajasthan

Concession The Concession was awarded by the Department of Road Transport and Highways, Government of India, on a DBFOT (Toll) basis for an initial period of 11 years which is further extendable to 30 years in case the Company exercises the option to construct a four lane highway on the stretch within seven years from the appointed date. The Concession Agreement was signed in April 2009. The Project is expected to be completed in December 2010

Equity held 100%

Hazaribagh Ranchi Expressway Limited
Hazaribagh - Ranchi Road

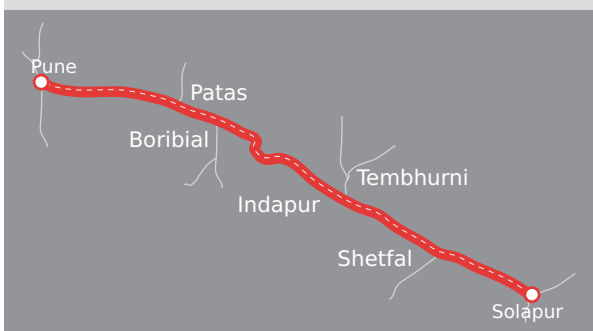


Scope Development of four lanes with an aggregate length of approximately 319 Lane Kms connecting Hazaribagh to Ranchi in the State of Jharkhand

Concession The Concession was awarded by NHAI on a BOT (Annuity) basis for a period of 18 years including an initial construction period of two and a half years. The Concession Agreement was signed in August 2009

Equity held 73.88%

Pune Sholapur Road Development Company Limited
Pune - Sholapur Road



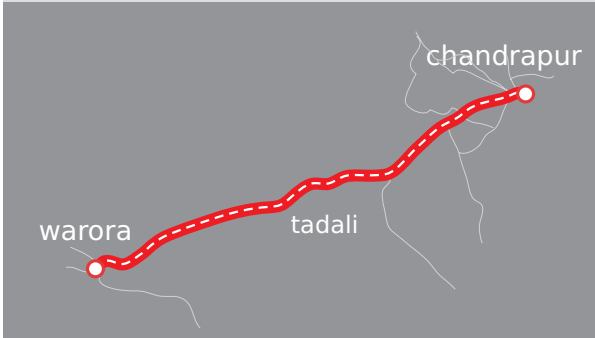
Scope Development of four lanes with an aggregate length of approximately 571 Lane Kms on Pune - Sholapur stretch of National Highway-9 in the State of Maharashtra

Concession The Concession was awarded by NHAI on a DBFOT (Toll) basis for a period of 20 years, including an initial construction period of two and a half years. The Concession Agreement was signed in September 2010

Equity held 100%

Projects under development

Warora Chandrapur Ballarpur Toll Road Company Limited Chandrapur –Warora - Bamni Road

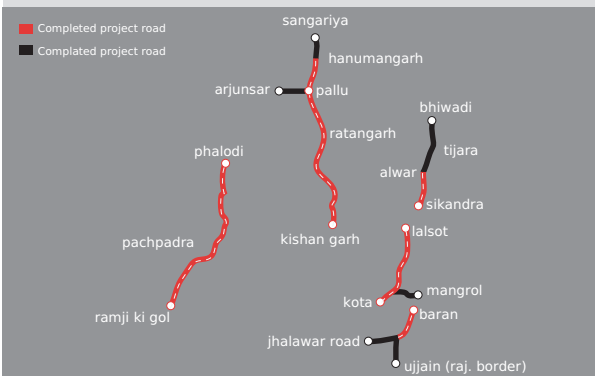


Scope Development of four lanes with an aggregate length of approximately 275 Lane Kms connecting Warora to Chandrapur to Bamni in the State of Maharashtra

Concession The Concession was awarded by the PWD, Government of Maharashtra on a DBFOT (Toll) basis for a period of 30 years, including an initial construction period of two and a half years. The Concession Agreement for the Project was signed in March 2010

Equity held 35%

Road Infrastructure Development Company of Rajasthan Limited Mega Highway Project, Rajasthan



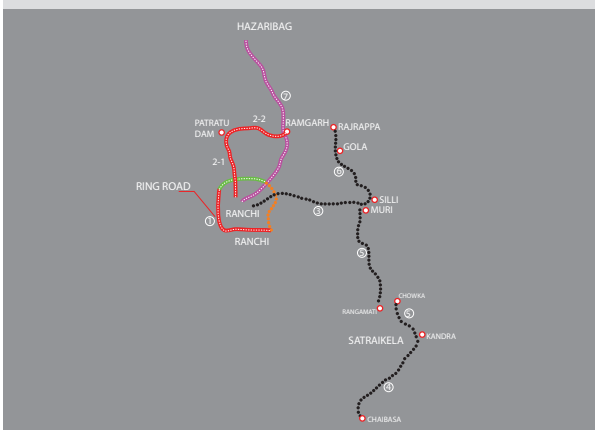
Scope Development of two highway lanes with an aggregate length of 476 Lane Kms and includes the improvement of three corridors, connecting Alwar to Bhiwadi, Jhalawar to Jhalawar Road, and Arjunsar to Pallu in the State of Rajasthan

Concession The Concession was awarded on PPP (Toll) basis for a period of 32 years, including a construction period of two years

Beneficial Interest 50%

Jharkhand Road Projects Implementation Company Limited

Jharkhand Accelerated Road Development Programme



Scope Development of two lanes with an aggregate length of approximately 1,002 Lane Kms connecting selected roads in the State of Jharkhand in three phases

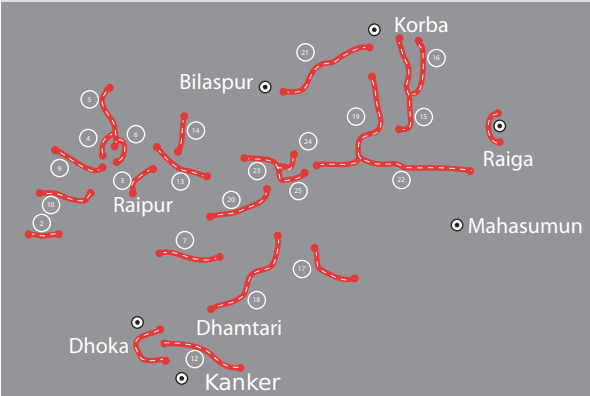
Concession The Program Development Agreement entered into with the Government of Jharkhand for development of Roads on a BOT (Annuity) basis for a period of 18 years (including three years of planning, designing, procurement of contractors and construction)

Equity held 99.96%

Projects under development

Chhattisgarh Highway Development Company Limited

Chhattisgarh Accelerated Road Development Programme



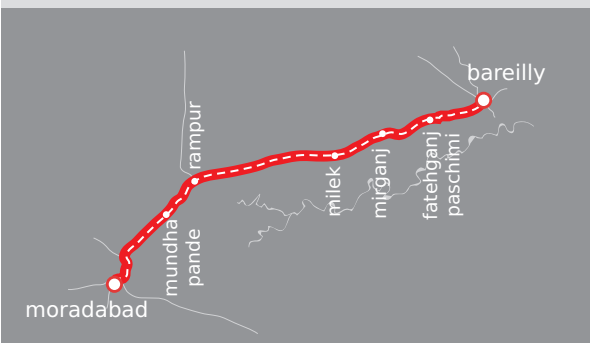
Scope Development of two lanes with an aggregate length of approximately 1,368 Lane Kms connecting selected roads in the State of Chhattisgarh

Concession The Program Development Agreement entered into with the Government of Chhattisgarh for the development of roads on a BOT (Annuity) basis for a period of 17.5 years

Beneficial Interest

The Company has an agreement for holding beneficial interest for 74% of equity shares

Moradabad Bareilly Expressway Limited
Moradabad Bareilly Road



Scope Four laning of Moradabad Bareilly section of NH-24 from Kms 148.00 to Kms 262.000 (approx. length 121 Kms) in the State of Uttar Pradesh

Concession The Concession was awarded by NHAI on a DBFOT (Toll) basis for a period of 20 years, including an initial construction period of two and a half years. The Concession Agreement for the Project was signed in February 2010

Equity held 100%

Chenani Nashri Tunnelway Limited
Chenani Nashri Tunnel



Scope Four Laning of Chenani to Nashri Section of NH-1 A from Kms 89.00 to 130.00 (new alignment) of NH-1 A including 9 Kms long tunnel (2 lane) with parallel escape tunnel in the State of Jammu and Kashmir

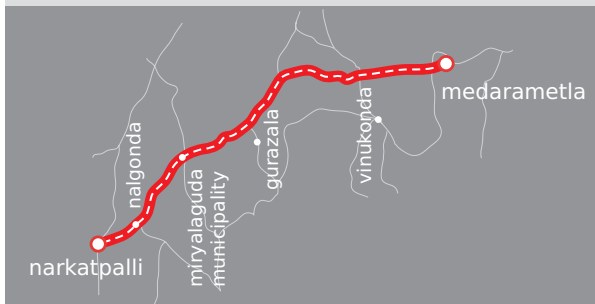
Concession The Concession was awarded by NHAI on a DBFOT (Annuity) basis for a period of 20 years, including an initial construction period of five years. The Concession Agreement for the Project was signed in June 2010

Equity held 100%

Projects where we are the Preferred Bidder

NAM Expressway Limited

Narketpalli Addanki
Medarametla Road

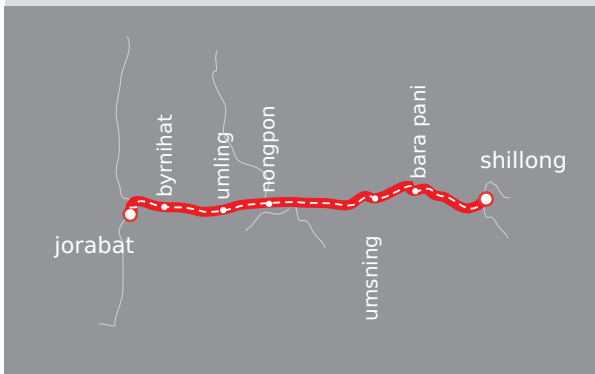


Scope Widening of an existing two-lane carriageway to a four-lane carriageway, including the strengthening of existing carriageway by providing bituminous overlays with an aggregate length of approximately 888 Lane Kms from Narketpalli to Medarametla near Addanki section of SH-2 in the State of Andhra Pradesh

Concession The concession for this project will be awarded to the successful bidder by Roads and Building Department, Government of Andhra Pradesh on BOT (toll) basis for a concession period of 24 years, including an initial construction period of two and a half years

Equity held 50%

Jorabat Shillong Expressway Limited Jorabat Shillong Road



Scope 4 laning of the Jorabat- Barapani (near Shillong) section of National Highway – 40 in the states of Assam and Meghalaya aggregating to 61.92 Kms, under Design, Build, Operate and Transfer (Annuity) basis under SARDP-NE

Concession The concession for this project will be awarded to the successful bidder by NHAI on BOT (Annuity) basis for a concession period of 20 years, including an initial construction period of three years

Equity held 49.94%

Other urban infrastructure projects

Nagpur City Bus Project

Vansh Nimay Infraprojects Limited

Scope Mobilization, operation and maintenance of the Nagpur city bus services in the city of Nagpur on BOO basis

Concession The Concession was awarded by Nagpur Municipal Corporation to Vansh Nimay Infra Projects Limited for a period of 10 years (and renewable for another 5 years). The Concession Agreement for the Project was signed in February 2007

Equity held 90%

Gurgaon Metro Rail Link

Rapid MetroRail Gurgaon Limited

Scope Development of approximately 4.9 Kms long track for an elevated metro line on a concession basis, connecting the Delhi Metro Sikanderpur station on MG Road to NH-8 in Gurgaon in Haryana

Concession Concession for the project has been awarded to us by Haryana Urban Development Authority for a period of 99 years, including an initial construction period of two and a half years. The Concession Agreement for the Project was signed in December 2009

Equity held 70%

India's evolving infrastructure scenario

The significant investments by the Government of India on infrastructure development in the country have resulted in a positive 'spill-over effect' on the economy by triggering growth in manufacturing and service sector. This has helped to sustain India's growth rate, compared to the rest of the world. India's infrastructure investments have increased from 4.9% of the gross domestic product (GDP) in 2002-03 to 6% in 2009-10 and expected to reach 12% by 2011-12, the terminal year of the 11th Five-Year Plan. The Government has shown resolve by allocating 46% share of the total budget allocation for the next fiscal towards new and ongoing infrastructure development projects. The Government of India is planning more than Rs. 16,000 Billion investments in its infrastructure by 2012, with another Rs. 6,900 Billion expected to come from the private sector

Government's impetus on the road sector

Road development has been given prime importance by the Government in order to sustain the strong economic growth achieved in the past few years. The Government of India through NHAI launched the National Highway Development Project (NHDP) and Bharat Nirman Programme that involve investments of over Rs. 2,300 Billion till 2012, towards the development of the country's road infrastructure. Recognizing the need for FDI in the segment, the Government has allowed 100% FDI under the automatic route for all road development projects, in addition to offering 100% income tax exemption for 10 years. The Government is also seeking to encourage private sector participation through various BOT road projects for which it laid out the following initiatives:

- Government will carry out all preparatory work including land acquisition and utility shifting and provide the Right of way (ROW) to concessionaires free from all encumbrances
- NHAI and the Government will provide capital grant up to 40% of project cost to enhance viability on a case-to-case basis
- 100% tax exemption for a continuous 10-year period, which may be availed of within the concession period or 20 years whichever is earlier
- Concession period allowed up to 30 years
- Arbitration and Conciliation Act 1996, based on the United Nations Commission on International Trade Law (UNCITRAL) provisions
- Entrepreneur to be allowed to collect and retain tolls for the BOT projects
- Duty free import of specified modern high capacity equipment for highway construction

Consequently, fiscal 2009-10 saw a big jump in PPP road projects, with over 30 projects being awarded under this route



| Infrastructure Sector (FY10-12) | Proposed Investment (Rupees in Billion) |
|---------------------------------|---|
| Power | 4,830 |
| Roads | 2,075 |
| Railways | 1,866 |
| Telecom | 1,889 |
| Irrigation | 1,899 |
| Water Supply & sanitation | 1,017 |
| Ports | 608 |
| Aviation | 202 |
| Total | 14,386 |

Source: Planning Commission

Some key points

- 1 NHAI awarded 32 road projects in the last 11 months of 2009-10, as against eight in 2008- 09. It further aims at awarding around 50 projects by the end of 2011
- 2 Union Road Transport Ministry is looking at an ambitious target of awarding at least **15,000 Kms** of national highways projects by 2011 end
- 3 The ongoing focus on the highway infrastructure development is targeted to yield an annual growth of **12-15%** for passenger traffic and **15-18%** for cargo traffic

RECENT BIDDING REFORMS BY NHAI

- NHAI, in its bid to improve operational efficiencies in road development, has tweaked the bidding norms of the segment. It has barred highway contractors and developers from bidding for new projects, if financial closure is not achieved for three projects for which bidder has been granted letter of award
- Currently, the bidder/consortium is required to have a net worth equivalent to at least **25%** of the project cost,. Going ahead, while the same arrangement will continue for projects **up to Rupees 20 Billion**, higher net worth will be required for projects above

NHAI'S POLICY CHANGES

1) Under RFQ (Request for Qualification)

Conflict of interest: A bidding applicant can be considered to have a conflict of interest, that can affect the bidding process, when such bidder (or any constituent thereof) and any other bidder have common controlling shareholders or other ownership interest. The application will be considered void if the common control is more than 25% of its paid up and subscribed capital

Associate relationship: An associate's relation to the consortium member and his controlling powers has now to be qualified by an external auditor that audits the book of accounts of Applicant or Consortium

Threshold technical capability:

- a) The quoted amount to be equivalent to the Estimated Total Project Cost (ETPC)
- b) The capital cost of the eligible project shall not be less than 20% of ETPC and in case of projects with an ETPC of Rs. 1000 Crores or more the amount shall not be less than 10%
- c) The experience score can be calculated by dividing the amount in the experience column by one crore and then multiplying the result thereof with a factor as mentioned in the bidding document. The sum total of revenues received and payments made in respect of each eligible project shall be restricted to a ceiling equivalent to or twice the ETPC

2) Under RFP (Request for Proposal):

Forfeiture of bid security: Authority has the right to forfeit and appropriate 5% of the value of the bid security as mutually agreed genuine pre-estimated compensation and damages payable to the authority for, inter alia, the time, cost and effort of the authority. In the event of encashment of bid security occurring due to non-responsive bid, the damage so claimed by the authority shall be restricted to 5% of the value of the bid security

Premium: Premium to be paid out from the gross revenues of the project share of the authority, as the earlier mode of premium quotes in percentage gave indefinite amounts. The premium should be payable from the COD date (for six-laning from the 'appointed date') and increase the same by 5% annually for the balance period of concession period



Jetpur Rajkot Gondal Road

Modification in concession period: If the average daily traffic of PCUs in any accounting year shall exceed the designed capacity of the project highway, the authority at its option will prepare a detailed project report (DPR) that will assess the cost as may have to be incurred for augmenting the capacity of the project highway and extension of concession period, if any, that may be required to yield the concessionaire a post-tax return on equity (Equity IRR) of 16% per annum at an assumed debt : equity ratio of 70:30. Such extension of concession period shall be, however, limited to five years. It further stated that there shall be no reduction in the concession period as originally accepted. The authority may thereafter, at their sole option, issue a notice to the concessionaire, (to be responded within a period of three months from the date of such notice), to undertake their determined augmentation within six months of such notice. On refusal or non-acceptance by the Concessionaire to undertake such augmentation, either absolutely or on such extension of concession period as assessed under the DPR, or on the failure of the Concessionaire to undertake such augmentation on the due date so intimated by the authority, an indirect political event shall be deemed to have occurred and the authority may in its discretion terminate this agreement by issuing a termination notice and making a termination payment under and in accordance with the provisions of concession agreement; without the authority being liable to issue any further notice under this provision

Damages for breach of maintenance obligations: If the actual traffic exceeds the design capacity, during any year or part thereof and the Concessionaire fails to repair or rectify any defect or deficiency set forth in the maintenance requirements within the period specified therein, it shall be considered as a breach of the Agreement. The Authority shall be entitled, from such date, to recover damages, to be calculated and paid for each day of delay until the breach is cured, at the higher of

- a) 5% of Average Daily Fee, and
- b) 1% of the cost of such repair or rectification as estimated by the Independent Engineer, for the balance period of the concession

Change in ownership: Change in ownership means a transfer of the direct and/or indirect legal or beneficial ownership of any shares, or securities convertible into shares, that causes the aggregate holding of the (selected bidder/ consortium members) along with (its/their) Associates, in the total equity to decline below 51% thereof during construction period and two years thereafter; provided that any material variation (as compared to the representations made by the Concessionaire during the bidding process for the purposes of meeting the minimum conditions of eligibility or for evaluation of its application or bid, as the case may be,) in the proportion of the equity holding of (the selected bidder/ any consortium member) to the total Equity, if

it occurs prior to completion of a period two years after COD, shall constitute change in Ownership Provided further that any such request may be required to be accompanied by suitable no objection certificate from lenders

Representation and warranties: Selected bidder/ Consortium Members, together with its Associates, hold not less than 51% of its issued and paid up equity as on the date of this Agreement and that each Consortium Member whose technical and financial capacity was evaluated for the purposes of prequalification and short-listing in response to the Request for Qualification shall hold at least 26% of equity and a minimum of 5% of Total Project Cost during the construction period and two years thereafter along with its Associates. Additionally, such request may be required to be accompanied by suitable no objection certificate from lenders

Assignment and charges: Mortgages/ pledges/hypothecation of goods/assets other than project assets and their related documents of title, a charge on the Escrow account, arising or created in the ordinary course of business of the project highway shall act as a security only for indebtedness

to the senior lenders under the financing. Agreements and/or for working capital arrangements for the project highway

Grant: Grant amount shall be disbursed by way of equity support only. The clause related to O&M support would be deleted

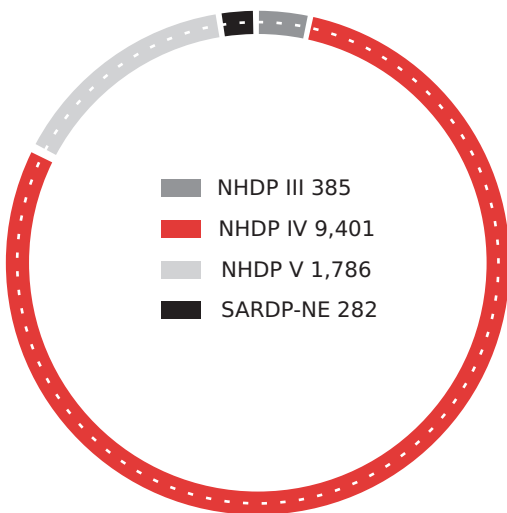
3) Others

Eligibility to submit price proposals: A bidder shall not be eligible for bidding if on the bid due date, the bidder, its Member or Associate was, either by itself or as member of a consortium has been declared by the Authority as the selected bidder for undertaking 3 or more projects and the bidder is yet to achieve financial close. A bidder shall be considered as declared selected bidder for the projects of NHAI, where the LOA has been issued

EPC contractor undertaking: Applicant/ Consortium would provide an undertaking to NHAI that the EPC assignments of the project would be executed only by such EPC contractors who have completed at least a single package of more than 20% of the TPC or Rs. 500 Crores, whichever is less

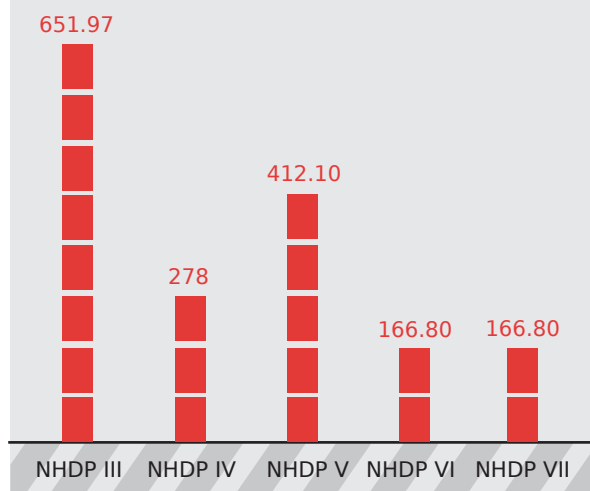
Road ahead for NHAI

NHAI Construction Targets for 2010-11



Total 12,000 Kms

Estimated capital expenditure under NHDP Phases (Rupees in Billion)



Source: Report of the Core Group on Financing of the National Highway Development Programme

Profile of the Board of Directors

Deepak Dasgupta – Chairman and Independent Director

Mr. Dasgupta, a retired Indian Administrative Services officer, has served the government of Haryana and the central government for over 35 years

He has headed various departments of the Government of Haryana and Government of India, including those related to infrastructure development and policy formulation. He served as the Chairman of National Highways Authority of India for over five years and as an Advisor to the Asian Development Bank. Mr. Dasgupta was also a Member of the Senior Expert Committee of IDFC Private Equity Fund and the Special Task Force on Bihar

Mr. Dasgupta holds a Master's degree in Science from Delhi University

R C Sinha – Independent Director

Mr. Sinha, a retired Indian Administrative Services officer, and currently the Vice-Chairman and Managing Director of Maharashtra Airport Development Company Limited has worked in various capacities in the Government of Maharashtra and India. He has headed various departments/ worked in various ministries of the Government of Maharashtra, including as Collector, District Magistrate, Secretary and Additional Chief Secretary. He has also served as the Joint Secretary, Ministry of Information and Broadcasting, Government of India

During his tenure with the Government of Maharashtra, Mr. Sinha was appointed as the Vice-Chairman and Managing Director of Maharashtra State Road Transport Corporation Limited, City Industrial Development Corporation of Maharashtra Limited and also as Vice-Chairman and Managing Director of Maharashtra State Road Development Corporation Limited, during which the prestigious 'Mumbai-Pune Expressway' project was executed

Mr. Sinha holds a Bachelor's degree in Law, Master's degree in Economics from Lucknow University and a Post graduation in 'Urban Development' from the London University

Deepak Satwalekar – Independent Director

Mr. Satwalekar was the Managing Director and Chief Executive Officer of HDFC Standard Life Insurance Company Limited. Before that he was the Managing Director of HDFC since 1993. He has been a consultant to the World Bank, the Asian Development Bank, the United States Agency for International Development and the United Nations Centre for Human Settlements (HABITAT). He is a recipient of the 'Distinguished

Alumnus Award' from the Indian Institute of Technology, Mumbai and is now on the Advisory Council of the said institution. He is also an Independent Director on the Boards of several other companies

Mr. Satwalekar holds a Bachelors' degree in Technology from the Indian Institute of Technology, Mumbai and a Master's degree holder in Business Administration from the American University, Washington DC

H P Jamdar – Independent Director

Mr. Jamdar has headed various departments of the Government of Gujarat including as Secretary and Principal Secretary. During his tenure with the Government of Gujarat, Mr. Jamdar was appointed as Chairman of various state owned corporations, especially in the roads and ports sector. He even served as the President of Indian Roads Congress and the Vice-President of 'FIESCA'

Mr. Jamdar holds a Bachelor's degree in Civil Engineering from the Gujarat University. He has also successfully qualified the Gujarat Service of Engineers through the Gujarat Public Service Commission

Ravi Parthasarathy – Non-Executive Director

Mr. Ravi Parthasarathy has been associated with the Company since January 6, 2001 and with the IL&FS group since 1988. He is at present the Chairman of IL&FS Group. Prior to joining the IL&FS group, he has served 20th Century Finance Corporation Limited, a financial services company as its Executive Director and also the Indian Institute of Management, Bangalore

Mr. Parthasarathy holds a Bachelor's degree in Science from the University of Mumbai and a post-graduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad

Hari Sankaran – Non-Executive Director

Mr. Hari Sankaran has been associated with ITNL since November 29, 2000 and with the IL&FS Group since 1990. As Managing Director and Chief Executive Officer of IL&FS, he has been instrumental in developing significant infrastructure project development business portfolio for IL&FS. Prior to joining IL&FS, he has worked as a project finance specialist for Industrial Credit and Investment Corporation of India. With over 15 years of experience, he has headed various project development and financing departments of government bodies, and has been on several committees of Government of India for policy and legal reforms, including the Chairman of the FICCI Infrastructure Committee

Mr. Sankaran holds a Master's degree in Economics from the London School of Economics and Political Science

Arun K Saha – Non-Executive Director

Mr. Saha has been associated with the Company since January 6, 2001 and with IL&FS group since 1988. Mr. Saha is presently the Joint Managing Director of IL&FS and oversees activities relating to finance, operations, credit compliance and risk management of the IL&FS group, including activities in the areas of financial services, infrastructure, asset management, distribution and management of retail assets and liabilities

Mr. Saha holds a Master's degree in Commerce from the University of Calcutta and is an Associate Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India

Vibhav Kapoor – Non-Executive Director

Mr. Vibhav Kapoor has been associated with the Company since December 10, 2004 and with IL&FS, the parent company as its 'Group Chief Investment Officer' since July 1, 2002. Prior to joining the IL&FS Group, Mr. Kapoor was associated with the Merchant Banking Division of ANZ Grindlays Bank as a portfolio manager and as head of the Corporate Finance and Equity Research department of Unit Trust of India

Mr. Kapoor holds a Bachelor's degree in Arts and a Master's degree in Business Administration from the Himachal Pradesh University, Shimla

Pradeep Puri – Non-Executive Director

Mr. Puri is a retired Indian Administrative Services officer. He has served for eight years in international trade and investments with the Ministry of Commerce and the Department of Economic Affairs, Ministry of Finance, Government of India. He has also held position as Director in the ministries of Commerce and Finance in the Government of Karnataka and Delhi. At present, he is the President and Chief Executive Officer of Noida Toll Bridge Company Limited

Mr. Puri holds a Master's degree in History from Delhi University

R S Chandra – Non-Executive Director

Mr. Chandra is a Managing Partner of Bessemer Venture Partners, a global investment management practice with offices in India, Israel, Boston, New York and Silicon Valley. Bessemer Venture Partners is part of the Bessemer group of companies, which includes Bessemer Trust and Bessemer Securities. Mr. Chandra has been involved with building 23 companies that have gone on to successful IPOs or been acquired by other public companies. Prior to joining Bessemer, Mr. Chandra has worked as an engagement manager with McKinsey & Company and also for Accenture and IBM

Mr. Chandra holds an MBA from the Harvard Business School and a BA from the University of California at Berkeley. He has been recognized by Forbes Magazine on its Midas List as a top dealmaker

K Ramchand – Managing Director

Mr. Ramchand was appointed as Managing Director of the Company on August 13, 2008 and has been associated with IL&FS Group since 1994. He has over 30 years of experience in urban and transport infrastructure development sector and has been involved in a large number of private infrastructure initiatives including the successful commissioning of various toll road projects in Gujarat and for the National Highways Authority of India. Involved with the IL&FS group for the preceding 14 years, Mr. K. Ramchand is on the board of various companies within the IL&FS group. Prior to joining the Company, he was associated with the Operations Research Group, Dalal Consultants, Mumbai Metropolitan Region Development Authority and City and Industrial Development Corporation of Maharashtra Limited

Mr. Ramchand holds a Bachelor's degree in Civil Engineering from Madras University and a post-graduation in 'Development Planning' from the School of Planning, Ahmedabad

Mukund Sapre – Executive Director

Mr. Sapre was appointed as an Executive Director of ITNL on August 13, 2008 and has been associated with the IL&FS group since 1992. He possesses over 27 years of industry experience. Prior to joining the Company, he was involved with international projects in the Philippines, Indonesia, Mexico and Spain and has played a vital role in implementing the 'High Speed Rail Project' and evaluating the 'Cargo Airport Project' in Mexico. He was also associated with Engineers India Limited and Gammon India Limited

Mr. Sapre holds a Bachelor's degree in Civil Engineering, a Diploma in Systems Management and also in Financial Management

Corporate information

Board of Directors

Deepak Dasgupta

Chairman

Ravi Parthasarathy

Hari Sankaran

Arun K Saha

R C Sinha

H P Jamdar

Deepak Satwalekar

Pradeep Puri

Vibhav Kapoor

R S Chandra

(from May 25, 2010)

Gopi K Arora

(upto November 4, 2009)

Jason Brown

(upto September 22, 2009)

Mahesh Gandhi

(upto September 15, 2009)

Shahzaad Dalal

(upto September 16, 2009)

Bala Naidu (Alternate to Jason Brown)

(upto September 22, 2009)

K Ramchand

Managing Director

Mukund Sapre

Executive Director

Committees of the Board

Audit Committee

R C Sinha, Chairman

Deepak Dasgupta

H P Jamdar

Arun K Saha

Shareholders' / Investors' Grievance Committee

Arun K Saha, Chairman

K. Ramchand

Remuneration Committee

Deepak Satwalekar, Chairman

Ravi Parthasarathy

Hari Sankaran

Committee of Directors

Hari Sankaran - Chairman

Arun K Saha

Pradeep Puri

K Ramchand

Mukund Sapre

Company Secretary

Krishna Ghag

Senior Management

K Ramchand
Managing Director

Mukund Sapre
Executive Director

Harish Mathur
Chief Executive

V K Raina (Dr.)
Director Technical

George Cherian
Chief Financial Officer

M K Mohan
Senior Vice President

Krishna Ghag
Associate Vice President &
Company Secretary

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Bankers

Axis Bank Limited

Registered Office

The IL&FS Financial Centre, C-22, G- Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Registrar & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West),
Mumbai 400 078

Interior view of The IL&FS Financial Centre, Mumbai



Management Discussion and Analysis

1. INDIAN INFRASTRUCTURE INDUSTRY

India's rise in recent years is a prominent development in the world economy. India has re-emerged as one of the fastest growing economies in the world. India will be able to unleash its full potential, provided it improves its infrastructure facilities. Indian government's first priority is rising to the challenge of maintaining and managing high growth through investment in the infrastructure sector. There has been considerable progress in the last ten years in attracting private investment into the infrastructure sectors; first in telecommunications, then in ports and roads, and then in individual projects in other sectors



The provision of quality and efficient infrastructure services is essential to realise the full potential of the growth impulses surging through the economy. The demand for infrastructure investment during the Five Year Plan (2007-2011) has been estimated to be Rs. 21 Trillion. To meet this growing demand, Government of India has planned to raise the investment in infrastructure from the present 4.7% of GDP to around 7.5-8% of GDP in the XIth Five Year Plan. In general, efforts towards infrastructure development is being continued with focus on the key areas of physical and social infrastructure

2. OPPORTUNITIES

With the Government committed to increasing its spend on infrastructure, investment opportunities in India are today perhaps at a peak. Supported by India's natural strengths, India offers investment opportunities in excess of US\$ 850 Billion in diverse sectors over the next five years

A. Roads

National Highway Development Project

About 65% of the freight traffic and 80% of the passenger traffic is carried by road. National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic. The number of vehicles has been growing at a compounded annual growth rate of around 10% over the last five years. Road density is 2.75 km. per 1000 persons and 770 km. per 1000 sq km. area against the average of 6.7 km. and 840 km. respectively in developed countries

For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. Of the central programmes, the Rs. 3,314 Billion National Highways Development Project (NHDP) undertaken by Government of India through National Highways Authority of India (NHAI) provides a very significant opportunity for the development of national highways including construction of bridges, flyovers and elevated structures. Spread across seven phases, the project includes the up-gradation of more than 50,000 km. of National Highways

Rs. 3,314 Billion National Highways Development Project (NHDP) provides a very significant opportunity for the construction of national highways



i. **Four-laning of the Golden Quadrilateral**

The Four-laning of the Golden Quadrilateral and NS-EW Corridors under NHDP Phase I and Phase II have been completed and a majority of the stretches are in the operations stage

ii. **Four-laning of 12,109 km. (NHDP-III)**

The Union Cabinet has approved the four-laning of 12,109 km. of high density national highways, through the Build, Operate and Transfer (BOT) mode. The programme consists of stretches of National Highways carrying a high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance. Upto February 2010, 1,478 km. have been completed and 3,926 km. are under implementation

iii. **Two-laning of 20,000 km. (NHDP-IV)**

With a view to providing a balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 km. into two-lane highways, at an indicative cost of Rs. 278 Billion. This will ensure that their capacity, speed and safety match the minimum benchmarks of the National Highways

iv. **Six-laning of 6,500 km. (NHDP-V)**

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches,

through Public Private Partnership's (PPP) on BOT basis. These corridors have been four-laned under the first phase of NHDP and the programme for their six-laning is scheduled to be completed by 2012. Till February 2010, 163 km. have been completed and 1,063 km. are under implementation

v. **Development of 1,000 km. of Expressways (NHDP-VI)**

With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1,000 km. of expressways to be developed on a BOT basis, at an indicative cost of Rs. 166.80 Billion. These expressways would be constructed on new alignments

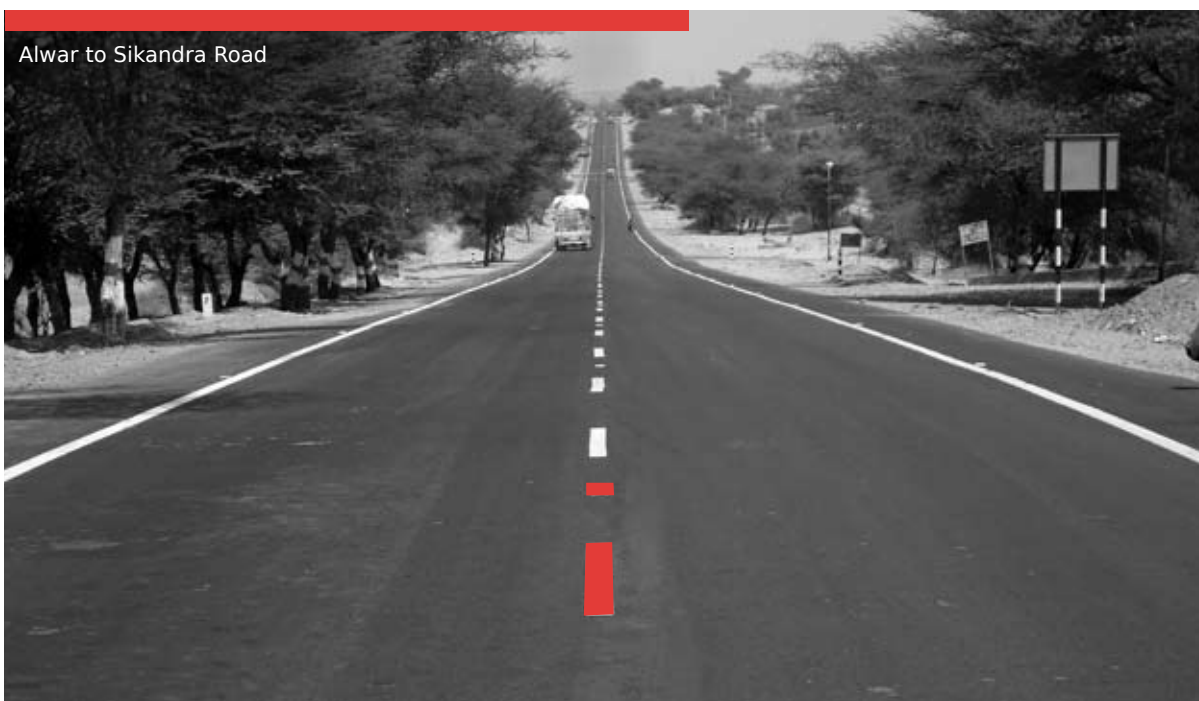
vi. **Other Highway Projects (NHDP-VII)**

The development of ring roads, by-passes, grade separators and service roads is considered necessary for full utilisation of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs. 166.80 Billion has been approved

Mega Highway Projects

The Government is considering taking up Mega Projects which would entail an investment of over a Billion Dollars per project. Initially, the Government has identified 9 such projects, 3 of which traverse through the states of Gujarat, two each through Madhya Pradesh, Rajasthan and Maharashtra and one each through Andhra Pradesh and Punjab

Alwar to Sikandra Road





Belgaum Maharashtra Border Road

The list of the mega highway projects is given below :

| State | Name of Project | Length (km.) |
|---------------------|--|--------------|
| Andhra Pradesh | 6 laning of Ichapuram-Rajahmundry - NH-5 | 436 |
| Rajasthan & Gujarat | 6 laning of Kishangarh-Ahmedabad NH-79A, 79, 76 & 8 | 557 |
| Maharashtra | 4 laning of Dhule-Amravati NH-6 | 485 |
| Madhya Pradesh | 4 laning of Gwalior-Dewas Section of NH-3 | 450 |
| Punjab & Rajasthan | 2-lane with paved shoulder of Amristsar-Pali NH-15, 89 & 65 | 700 |
| Madhya Pradesh | 4 laning of Lakhnadon-Reva Section of NH-7 | 400 |
| Maharashtra | 4 laning of Indapur-Goa Maharashtra Border NH-17 | 390 |
| Gujarat | 4 laning of Ahmedabad-Samakhiali & Bamanbore -Gondal NH-8A & B | 425 |
| Gujarat | 6 / 4 / 2 LPS of Bhavnagar-Dwarka Section of NH-8E | 445 |

The detailed studies for these corridors have commenced and it is expected that these projects would be launched for bidding by mid 2010

Operation and Maintenance Projects

NHAI has now started awarding various National Highway stretches on Operate Maintenance and Tolling contracts. More National Highway stretches completed under Phase I and II are likely to come up for bidding for Improvements and Maintenance in the year 2010-11

State Level Initiatives

Various State Governments including Gujarat, Maharashtra, Karnataka and Andhra Pradesh have continued implementing State Highways on PPP frame work

- Government of Gujarat has recently declared development of 5,500 km. of State Highways out of which 2,700 km. will be widened to 10 meters on PPP format whereas 1,000 km. will be developed on BOT basis under the viability gap funding scheme

- Karnataka Road Development Corporation Limited has come up with pre-qualification for development of around 293 km. of State Roads, Bangalore Metropolitan Region Development Authority along with Public Works Department, Bangalore has invited Application for Qualification for development of Satellite Town Ring Road and other Ring Roads for Bangalore Metropolitan Region
- Maharashtra State Road Development Corporation has issued Tender Notice for various State Highways, Road Over Bridges (RoBs) and Flyovers to be implemented on BOT basis

B. Railways

The Indian Railway is the biggest state-owned public utility contributing about 1 % of India's

Gross National Product (GNP). The Indian Rail Network is currently the fourth largest in the world after the US, China and Russia and it is the largest passenger carrier in the world

Traditionally, railway projects which are capital intensive are mostly funded by budgetary support from the Government. In recent years, Indian railways have initiated several measures to attract private investment. The opening of container operations to private players in 2006 was a revolutionary PPP initiative. Further, Indian Railways has identified certain areas for possible execution through PPP such as development of world class stations, setting up freight terminals, setting up of perishable cargo units for rolling stock and establishing multimodal logistics parks alongside the Dedicated Freight Corridor (DFC)

C. Ports and Shipping

After a hiatus in the Port Sector during 2007 and 2008, the Shipping Ministry has awarded 13 PPP projects during 2009-10 with an investment of Rs. 26.5 Billion. For the year 2010-11, Government has identified 8 port development projects for award under the PPP mode at an investment of Rs. 12.96 Billion from the private sector

D. Civil Aviation

Prior to 2004-05, the development of airports and airspace in India was neglected. As the demand for air travel increases at a gallop, it is being increasingly realised that under investment in airports was a huge strategic mistake since airport development requires a minimum planning horizon of 5-10 years. Though the idea of privatisation of airports was mooted in 1996 with Cochin airport on a PPP basis, the earliest impetus came in 2005 with the announcement of US\$ 9 Billion airport upgradation and modernisation program by the Union Government. It comprised the modernisation of the existing Delhi and Mumbai airports on PPP basis, establishment of new airports for Bangalore and Hyderabad and upgradation of Chennai and Kolkata airports

Airports Authority of India (AAI) has also decided to develop and modernise 35 non-metro airports in the country. The Committee on Infrastructure has approved the report of the task force for the development of the 35 non-metro airports. Development of airports in India's North Eastern Region (NER) will be taken up by AAI on a priority basis

3. THREATS

Threats are described as anything that would contribute to the interruption of infrastructure development in the country. Threats can be either in the form of major policy changes by the Government, implementation of stringent qualification criteria and insurgency threats in a specific region. These have been described below:

Policy Changes

Policies for development of infrastructure projects are now prepared keeping in view longer gestation period and are being given equal importance by all the ruling Governments as development of the road sector is an example and which is given top most priority at all levels in Government. However, there are chances of major policy changes by the Government either National or at State level which can affect the development of a particular segment of infrastructure. Looking at the current scenario and demand for infrastructure development in the country, the chances of any major policy change which can adversely affect infrastructure business in the country are negligible

Selection Criteria

In certain cases the project awarding authorities keep stiff qualification criteria which may disallow small or mid size developers having inadequate financial or technical scores to bid for the project. The Company has sufficient scores both in terms of financial or technical aspects to be able to qualify for all categories of projects being implemented or which are in the pipe line

Force Majeure Threats

There are certain regions in the country which may carry the risk of the project having to be abandoned due to force majeure events like natural perils, war, terrorism etc. However, all the Concession Agreements signed provide proper risk cover in such circumstances with no adverse financial impact on the Company as it is backed by Government guarantee and covered through insurance

Change in Law

In case the Government makes changes in law which could have an impact on infrastructure projects, the Concession Agreement provides for the Concessionaire to be insulated from any adverse impact arising from such change in law

4. SECTOR WISE PERFORMANCE

The Company has diversified its business to include Roads, Urban Transport, Railways and Airports. The Company also has a healthy BOT asset portfolio, which is well poised to reap the

The proven track record of the Company in implementing road projects and its highly experienced manpower are the key elements on which we expect to better our performance in the years to come

benefits of growth in the economy. During the last decade, the Company has developed various road projects across the country and also developed excellent engineering, designing, planning and project monitoring skills during this period. The Company is recognised for quality consciousness and for its unstinted commitment to deliver the project within budgeted cost and time. The proven track record of the Company in implementing road projects and its highly experienced manpower are the key elements on which we expect to better our performance in the years to come

a. Roads

The last financial year has been a particularly good year for the Company in the roads sector. The Company was awarded 6 projects, achieved financial closure for 4 projects aggregating to Rs. 56.78 Billion and commenced commercial operations on one road project. The details of aforesaid projects are as follows:

- (i) The Company successfully commenced commercial operations on 75 km. (328 lane km.) road stretch from Kotakatta to Kurnool on NH-7 from Km 135.469 (end of proposed Kotakatta bypass) to Km 211.00 (Kurnool) implemented through Andhra Pradesh Expressway Limited (APEL) in the State of Andhra Pradesh on September 30, 2009. This is an annuity project awarded by NHAI
- (ii) The 8 lane 13 km. (173 lane km.) from Km 95.00 to Km 108.00 of Hyderabad Outer Ring Road Project in the State of Andhra Pradesh and the two lane, 116 km. (248 lane km.) Gomti-Beawer Section of NH-8 from Km 58.245 to Km 177.050 in the State of Rajasthan is expected to be completed by September 2010. The Hyderabad project is an Annuity Project awarded by Hyderabad Urban Development Authority whereas the Gomti Beawer project is a Toll project awarded by the Department of Road Transport and Highways, Government of India
- (iii) The Company has been collecting Toll on 2 BOT Toll Projects in the State of Gujarat

developed through its subsidiary, Gujarat Road and Infrastructure Company Limited. The total revenue collection on these road projects for the year ended March 31, 2010 was higher by 13% at Rs. 747.40 Million as against Rs. 659.70 Million during the previous financial year

- (iv) The Company successfully commissioned the last of the stretches comprised in the 1053 Km. (2106 lane km.) of road stretches in Rajasthan through Road Infrastructure Development Company of Rajasthan Limited (RIDCOR). RIDCOR is a 50:50 joint venture between Government of Rajasthan and IL&FS and the Company has 50% economic interest in RIDCOR. RIDCOR has been awarded 6 additional stretches of roads comprising 263 km. (700 lane km.) at an estimated cost of Rs. 7500 Million. The toll collection on stretches commissioned in the previous year has improved from 60% of forecasted revenue in the previous year to 70% of the forecasted revenue in FY 2010 and is expected to improve in FY 2011
- (v) The Company was awarded the following projects by NHAI for which Financial Closure has been achieved during the year:
 - 4-Laning of 101.30 km. (571 lane km.) road stretch between Pune and Sholapur from Km 144.40 to Km 249.00 on NH-9 in the State of Maharashtra on BOT (Toll) basis. The approximate cost of the Project is Rs. 14,000 Million
 - 4-Laning of 71.16 km. (319 lane km.) road stretch between Ranchi and Hazaribagh on NH-33 from km 40.50 to Km 114.00 in the State of Jharkhand on BOT (Annuity) basis. The approximate cost of the Project is Rs. 8,700 Million

The Company has diversified its business to include Roads, Urban Transport, Railways and Airports

- 4-Laning of 121 km. (522 lane km.) road stretch between Moradabad and Bareilly from Km 148.00 to Km 262.00 on NH-24 in the State of Uttar Pradesh on BOT (Toll) basis. The approximate cost of the Project is Rs. 20,000 Million

- (vi) The consortium of bidders of which the Company is a 35% stakeholder was awarded a project by the Public Works Department, Government of Maharashtra for 4-Laning of an existing road between Chandrapur and Warora for an approximate length of 61 km. (275 lane km.) at an estimated cost of Rs. 6,700 Million



Vadodara-Halol Toll Plaza

- (vii) Concession Agreements were signed for 3 Road stretches consisting of 98 km. (466 lane km.) under the Jharkhand Accelerated Road Development Programme at an estimated cost of Rs. 14,080 Million. The projects are being developed through a Special Purpose Vehicle, a subsidiary of the Company namely, Jharkhand Road Projects Implementation Company Limited. The Company has achieved financial closure for the said road projects

- (viii) The Company has emerged as the lowest Bidder for the following Projects:

- a) Narketpally -Addanki -Medarametla stretch of 213 km. (888 lane km.) between Km. 0.00 to Km. 212.00 of State Highway No. 2 in the State of Andhra Pradesh in 50:50 Joint Venture with Ramky Infrastructure Limited. The approximate cost of the Project is Rs. 16,700 Million
- b) Jorabat -Shillong stretch of 62 km. (262 lane km.) between Km 0.00 to Km 61.80 on NH-40 on BoT (Annuity)

basis in 50:50 Joint Venture with Ramky Infrastructure Limited. The approximate cost of the Project is Rs. 8,100 Million

- c) Chenani to Nashri a 11.12 km. (38.28 lane km.) road stretch which includes a 9 km. tunnel between Km 89.00 to Km 130.00 (New Alignment) on NH-1A in the State of Jammu and Kashmir on BOT (Annuity) basis. The approximate cost of the project is Rs. 37,400 Million

The Company has subsequently been issued the Letter of Award by NHAI for the aforesaid projects

- (ix) The Company has submitted unsolicited proposals for 5 Railway Over Bridges (RoBs) with an estimated cost of Rs. 1,850 Million under the Memorandum of Understanding signed with the Government of Gujarat during the Vibrant Gujarat Summit 2009 for development of 38 RoBs across the State of Gujarat. These are in an advanced stage of negotiation
- (x) The Company has qualified for 26 projects aggregating to around 3,200 km. with an approximate cost of Rs. 152 Billion. The Company has also submitted Pre-Qualification Proposals for 49 projects totalling 6,700 km. with an approximate cost of Rs. 310 Billion

b. Urban Transport

- (i) The Company's subsidiary, Vansh Nimay Infraprojects Limited (VNIL) has a Concession from the Nagpur Municipal Corporation for operation of Bus Services in the city of Nagpur, Maharashtra for a period of 10 years. VNIL owns, operates and maintains 228 Buses. The Nagpur Municipal Corporation has signed a supplementary concession agreement with VNIL to operate and maintain additional 300 buses on a 10 year concession
- (ii) The Company's subsidiary Rapid MetroRail Gurgaon Limited signed a Concession Agreement with Haryana Urban Development Authority (HUDA) for a 4.9 km. elevated metro rail loop line connecting Sikanderpur station of Delhi Metro to the Central Business District of Gurgaon through DLF Cyber City at an estimated cost of Rs. 11,000 Million

c. International Projects

- (i) Infrastructure Leasing & Financial Services Ltd (IL&FS), the Parent Company has entered into a Memorandum of Understanding with the Airports Authority of India (AAI) pursuant to which IL&FS has agreed to cooperate to identify, develop, implement, operate and maintain airports and associated projects outside India, and the Company intends to leverage IL&FS's arrangement with AAI for identifying, securing and developing airport projects outside India
- (ii) The Company is in discussion with Middle East Coal Pte Limited, Singapore, for financing, developing and implementing coal evacuation infrastructure facilities in Muara Wahau, Indonesia
- (iii) The Company has been declared as a preferred bidder for the 300 km. (1212 lane km.) road stretch between Almaty - Khorgos in Kazakhstan in Joint Venture with three Italian road development companies namely, Impregilo S.p.A., Todini S.p.A. and Salini Costruttori S.p.A., in which the Company will hold equity stake of 37%. The approximate cost of the Project is Rs. 96,600 Million (US\$ 2.1 Billion) and is currently under negotiation with the Government of Kazakhstan

5. RISKS AND CONCERNS

The Indian infrastructure industry has tremendous scope for the future. The management is positive about the Company's long-term outlook. The Company's capability to assess and manage business risks is crucial in achieving targets. In the current economic environment, the Company perceives the following risks and concerns:

a. Market Competition

Business prospects also bring competition. The Company is operating in a highly competitive market. With improved processes and systems, the Company endeavours to differentiate and ensure strong growth and profitability

b. Economy

Inefficient fiscal control may threaten margins and profitability, especially during an industry downturn. The Company employs strict internal and budgetary controls adequately supported with an effective Management Information System (MIS) to keep costs under control

c. Delay in clearances/ approvals by Government for the project

There could be delay in obtaining clearances/ approvals by the Government like in case of handing over of unencumbered land for the project, which may adversely affect the



Road under construction-Jharkhand

project. The Company extends necessary assistance to the Concessing Authorities to facilitate the clearances. Although the concession agreement provides for timelines to complete the Conditions Precedent prescribed therein, it also has provisions to extend such timelines

- d. **Retention of experienced manpower**
The Company lays considerable emphasis on training and leadership development. A good retention scheme is in place to protect the Company against any talent flight. A good succession planning process is at the root of the Company's people practices
- e. **Price Inflation Risk**
Fluctuating raw material prices have been witnessed over the past couple of years. The Company has a centralised cost estimation department for standard methods to be adopted to factor likely increase in prices while preparing project estimates
- f. **Slowdown in Government Spending**
Given the projections made in the XIth Five Year Plan, the total spend on infrastructure is estimated at Rs. 21 Trillion of which the Government spend is estimated at around Rs. 13 Trillion, reduction in Government spend is not foreseen in the near future on infrastructure

A good succession planning process is at the root of the Company's people practices

- g. **Force Majeure**
There is adequate insurance cover for the project to take care of any unforeseen events. The Concession Agreement provides extension of the Project commencement period / completion period / operations period to offset the losses incurred by the Concessionaire due to force majeure events. The Concession Agreement provides for proper risk cover in such circumstances with no adverse financial impact on the Company

6. OUTLOOK

The Government of India has accorded the highest priority to Infrastructure after Agriculture which itself suggests that there is likely to be a continuous flow of new projects in all sectors and hence the Company's outlook for the coming

The Company aims to procure mandates for the mega highway projects considered to be landmarks in the Indian roads sector

years is positive. The Company already has a large portfolio of projects under various stages of implementation

The Company believes that its financial position would improve with the number of projects in the pipeline and the Company aims to procure mandates for the mega highway projects which are considered to be landmarks in the Indian Roads Sector both in terms of project size and in physical and financial terms. The Company has also been declared as the preferred bidder in an International project and is hopeful of additional International mandates on a select basis

The Company is also taking various steps such as bidding for Airports, Urban Transport, and Metro Rail development projects. The Company is also closely monitoring investments made in the BOT projects and has continuously reviewed and strengthened its systems and procedures and obtained ISO 9001:2000 Certification and has also applied for ISO 9001:2008 Certification

Backed by the number of projects in the order book; robust pipeline arising from the priority accorded to infrastructure development; coupled with a strong, efficient and loyal workforce; and continuing support from bankers, the Management is confident that the Company will be able to achieve its targets in the coming years

7. INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

As an intrinsic part of the overall Governance process, the Company has in place a well established Internal Audit and Risk Management framework which covers all aspects of financial and operational controls. The internal audit is carried out by a firm of Chartered Accountants who report directly to the Audit Committee of the Board of Directors. The Corporate Audit function plays a key role in providing to both the operating management and the Audit Committee of the Board an objective view and reassurance of the overall control systems and effectiveness of the risk management processes across the Company. The Corporate Audit also assesses opportunities for improvement in business processes, systems and controls and provides recommendations designed to add value to operations

The Company strives to identify opportunities that enhance organisational values while managing and mitigating risks that can adversely impact its future performance

The scope and authority of the Internal Auditor is derived from the Internal Audit Plan approved by the Audit Committee. Internal audits are conducted every quarter covering operations, accounting, secretarial and administration and with specific reference to compliances based on the audit plan which is approved by the Audit Committee at the beginning of the year. The Audit Committee meets at regular intervals when internal audit reports relating to the period in question are placed before the Audit Committee for review and discussion of the reports and the course of action

Every employee has a role to play in fostering an environment in which controls, assurance, accountability and ethical behaviour are given high importance. Risk management and internal audit systems complement each other.

The Company has grown over the last two years with a resultant change in the risk profile. Therefore, identification and management of risk is an integral part of the Company's strategy in achieving its long term goal. The Company strives to identify opportunities that enhance organisational values while managing and mitigating risks that can adversely impact its future performance

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the period under review, the turnover of the Company increased by 314% to Rs. 9,415.36 Million in the financial year 2009-10 from Rs. 2,276.77 Million in the financial year 2008-09. The significant increase is on account of the number of projects awarded during the financial year as compared to projects accorded in the previous year. The increase in turnover also has had a significant impact on the results for the year

Other key operating data for the year were as under:

Earnings before Interest, Tax, Depreciation and Amortization grew from Rs. 1,323.49 Million in 2008-09 to Rs. 6,439.53 Million in 2009-10 registering an increase of 387% over the previous year

Vehicular Underpass at Peddagolkonda Rotary Interchange



Profit before tax grew from Rs. 700.23 Million in 2008-09 to Rs. 4,971.27 Million in 2009-10 registering an increase of 610% over the previous year

Profit after tax grew from Rs. 404.23 Million in 2008-09 to Rs. 3,247.29 Million in 2009-10 registering an increase of 703% over the previous year

Earnings per share on basic and diluted basis stood at Rs. 18.93 per share as at March 31, 2010 as against Rs. 2.36 per share as at March 31, 2009 translating to a price to earnings ratio of 14.71 times in 2009-10 and a price to book ratio of 3.43 times as at March 31, 2010

The increased business activity resulted in an increase in investments in a number of Special Purpose Vehicles in which projects awarded were domiciled. This resulted in an increase in the overall borrowings that were availed of to partly fund the investments in new projects

The debt equity ratio as at March 31, 2010 stood at 0.97:1 and reduced further to 0.81:1 thereafter upon prepayment of certain debts from the proceeds of the Initial Public Offer in accordance with the objects of the issue

The growth in the business also resulted in an increase in debtors at the end of the year



9. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As on March 31, 2010, the Company had 175 employees. At ITNL the focus of learning and development is on building the capabilities of employees so that they are fully geared to handle the current and future needs of the Company. This is also combined with its strong belief that employees play a pivotal role in the Company's transformation and gear up for future growth

The Company's recruitment practice ensures that suitable candidates with merit are recruited and provided with the right opportunities to grow within the organization. The Company's policies favour recruitment at the entry levels and gradual rise for the meritorious candidates within the organisation

During the year, training programs were held covering behavioural, functional, managerial and leadership areas. The training programs at the entry level as well as the continuous learning programs ensures that the Company has the right competency in its work force that can deliver the customer's business needs

10. CAUTIONARY STATEMENT

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control

Directors' Report

The Shareholders

IL&FS Transportation Networks Limited

Your Directors have pleasure in presenting the Tenth Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2010

FINANCIAL RESULTS

The financial results of the Company are as under :

| | Rupees in Million | |
|---|--------------------------------------|------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Total Income | 9,415.36 | 2,276.77 |
| Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) | 6,439.53 | 1,323.49 |
| Profit Before Tax | 4,971.27 | 700.23 |
| Profit After Tax | 3,247.29 | 404.23 |
| Balance Brought Forward | 771.31 | 627.87 |
| Profit available for appropriations | 4,018.60 | 1,032.10 |
| Appropriations | | |
| Dividend Proposed/Paid | (582.80) | (214.27) |
| Tax on Dividend | (96.80) | (36.41) |
| General Reserve | (324.73) | (10.11) |
| Balance carried forward | 3,014.27 | 771.31 |

DIVIDEND

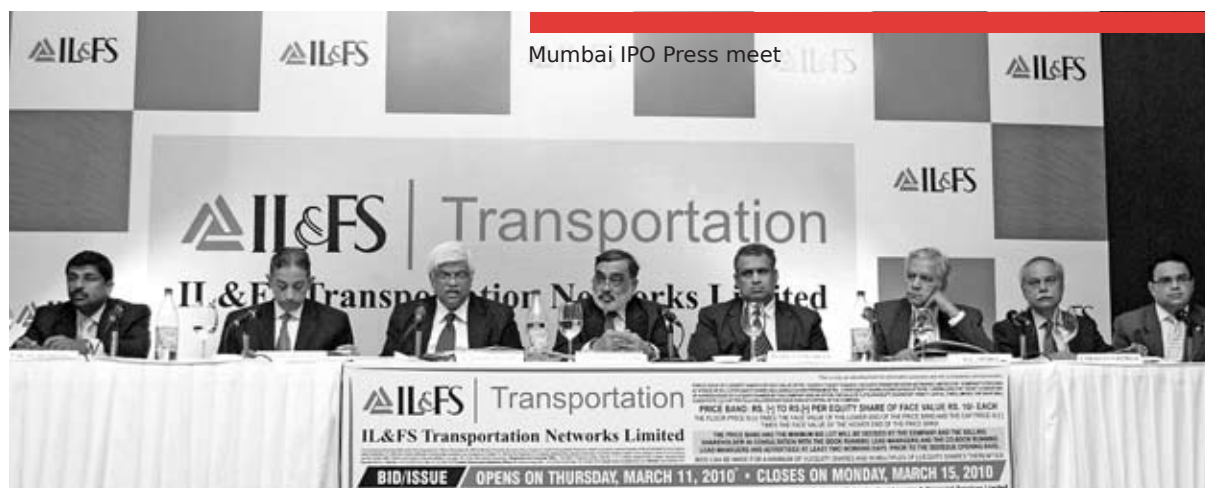
Your Directors have recommended payment of dividend of Rs. 3.00 per share for the year under review. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs. 679.60 Million including tax on dividend of Rs. 96.80 Million (Previous Year: Rs. 250.68 Million including dividend tax of Rs. 36.41 Million)

PUBLIC ISSUE

Your Company had initiated an Initial Public Offering ('IPO' or 'Issue') of its equity shares which was concluded in March 2010 and the shares were listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE) on March 30, 2010.

The total Issue size was Rs. 7,000 Million which included an offer for sale of 4.28 Million shares by one of the existing shareholders namely, Trinity Capital (Two) Limited, Mauritius. The Issue received a good response from all sections of investors and was over subscribed

The Issue was through a book building process and the price band for the Issue was Rs. 242 to Rs. 258 per share. The Issue was fully subscribed at the higher end of the band i.e. Rs. 258 per share. The total proceeds received by the Company amounted to Rs. 5,896 Million resulting in a fresh issue of 22,852,938 Equity Shares at a face value of Rs. 10 each at a premium of Rs. 248 per share, with the balance of Rs. 1,104 Million going to Trinity Capital (Two) Limited, the selling shareholder



The net proceeds received from the Issue have been utilised to date as follows:

| Particulars | Rupees in Million | |
|--|---|-----------------------------------|
| | To be financed through the issue proceeds | Funds Deployed up to May 25, 2010 |
| Pre-payment and Repayment of debt availed by our Company : | | |
| Bank of India | 1,000.00 | 1,000.00 |
| Bank of Maharashtra | 1,000.00 | 1,000.00 |
| Canara Bank | 1,000.00 | 1,000.00 |
| United Bank of India | 1,000.00 | 1,000.00 |
| IL&FS Securities Services Ltd | 1,000.00 | 1,000.00 |
| General Corporate Purposes | 605.58 | - |
| Issue Related Expenses | 290.48 | 290.48 |
| | 5,896.06 | 5290.48 |
| Temporary Investment in Mutual Funds | - | 605.58 |
| Total | 5,896.06 | 5,896.06 |

There are no variations in respect of utilisation of net proceeds as against those stated in the Prospectus dated March 18, 2010

The year witnessed a spurt in award of projects of National Highways Authority of India (NHAI). Your Company was able to win 4 projects from NHAI during the year under review

PERFORMANCE REVIEW

Your Company has established itself as the leading player in the Surface Transport Sector and continues to maintain its leading position with 22 projects in various stages aggregating to around 12,000 lane km. under its portfolio (including around 1,200 lane km. in respect of which your Company is the lowest/preferred bidder). As at March 31, 2010, 8 projects are commissioned totalling to approximately 4,100 lane km

The year witnessed a significant level of policy initiatives aimed at removing bottlenecks which were hitherto seen to have been the root causes for the slow off-take of projects under the various National Highway programmes. A Committee, under the Chairmanship of Mr. B. K. Chaturvedi announced a slew of changes in the Bidding documents, aimed at, speeding up project award, enhancing viability and profitability and making qualification criteria more sensitive to market conditions

Consequently, the year witnessed a spurt in award of projects from National Highways Authority of India (NHAI). Your Company was able to win 4 projects from the NHAI during the year under review. The increased importance to the sector and the targets set by NHAI will give sufficient opportunities to ITNL, which is eminently

positioned to capture and enhance its portfolio by exploiting the business opportunity

Additionally, NHAI has opted to increase the average size of road projects being tendered, placing big players in the sector at an advantageous position as compared to other smaller players. The current trend puts the Company at an advantageous position as compared to other smaller players

The other sectors of transport in the ambit of the Company, namely, Urban Buses, Railway and Metro systems continued to have a slow off-take of projects on a Public Private Partnerships (PPP) mode

The Company had acquired Elsamex S.A., a company incorporated under the Laws of Spain in FY 2008 for creating synergies in addressing the market requirements. The Company in close coordination with Elsamex undertook the restructuring of operations to enhance the profitability of Elsamex and has evolved a focused business strategy as follows:

- (i) Streamlining the International and Spanish business
- (ii) Strengthening presence in high value add and predictable income segments (Concessions, Project Management etc.)
- (iii) Re-establishing financing lines for Elsamex on a standalone basis

In spite of the slowdown in the European economy and especially in Spain, the measures adopted helped Elsamex to end the financial year with a marginal profit



Alwar to Sikandra

SUBSIDIARIES

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards 21, 23 and 27 of the Institute of Chartered Accountants of India. As required under Section 212(8) of the Companies Act, 1956, the Statement of holdings in subsidiaries and Consolidated Accounts pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, form part of the Annual Report. The Company has received approval from Ministry of Corporate Affairs (MCA) for the financial year ended on March 31, 2010 exempting the Company from attaching the financial statements of the subsidiaries. The summary of financial information of all the subsidiary companies as required to be provided in terms of the exemption letter issued by the MCA is attached to this Report. However, the annual accounts of the subsidiaries will be made available on request to shareholders seeking such information and will also be available for inspection at the Registered Office of the Company

DIRECTORS

Mr. Gopi Arora, Former Chairman and Non Executive Director of the Company passed away on November 5, 2009. Late Mr. Arora was Member of the Board since January 6, 2001. The Directors place on record their sincere appreciation for the valuable advice and guidance provided by him during his tenure as a Director of the Company

During the year under review, Mr. Mahesh Gandhi, Mr. Shahzaad Dalal, Mr. Jason Brown and Mr. Bala Naidu, Non-Executive Directors resigned from the Board

The Directors place on record their sincere appreciation for the services rendered by them during their tenure as Directors of the Company

Mr. R. S. Chandra has been appointed as an Additional Director on the Board with effect from May 25, 2010.

Mr. Chandra, Managing Partner of Bessemer Venture Partners, a Global Investment Management firm with offices in India, Israel, Boston, New York and Silicon Valley, holds an MBA from Harvard Business School. He has been recognised by Forbes Magazine on its Midas List as a top dealmaker. In accordance with the provisions of the Companies Act, 1956, a resolution seeking approval of the members for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting (AGM) and the Explanatory Statement thereto

Mr. Arun K. Saha, Mr. Pradeep Puri and Mr. R. C. Sinha, Directors, are liable to retire by rotation at the forthcoming AGM of the Company and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment

AUDITORS

Messrs Deloitte Haskins and Sells, Chartered Accountants, Statutory Auditors, retire at the ensuing Annual General Meeting and have expressed their willingness to continue as Statutory Auditors, if re-appointed

DEPOSITS

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE

The securities of the Company were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited on March 30, 2010. Though the Code of Corporate Governance became applicable from the aforesaid date, your Company had been adhering to good governance practices even prior to listing. The Company has fully complied with the requirements and disclosures that have to be made in this regard. As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a Report on

the Corporate Governance is enclosed and forms part of this Annual Report. A certificate from the Statutory Auditors on compliance with the provisions of Corporate Governance is annexed to this Report

PARTICULARS OF EMPLOYEES

The information regarding particulars of remuneration etc. of certain employees required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder is given in an Annexure which forms part of this Report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the Shareholders without this Annexure. Any Shareholder interested in obtaining this Annexure may write to the Company Secretary at the Registered Office of the Company

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (2) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year

and of the Profit of the Company for that period

- (3) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (4) they have prepared the annual accounts on a going concern basis

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

The foreign exchange earnings during the year was Rs. 349.75 Million. The foreign exchange expenditure during the year was Rs. 913.17 Million

Since the Company does not have any manufacturing facility, the other particulars required to be provided in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

ACKNOWLEDGMENTS

The Directors place on record their appreciation for the continued support and co-operation received from the various Government Authorities including National Highways Authority of India and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

The Directors would also like to place on record their appreciation for the contribution and dedication of the employees of the Company at all levels

By the Order of the Board

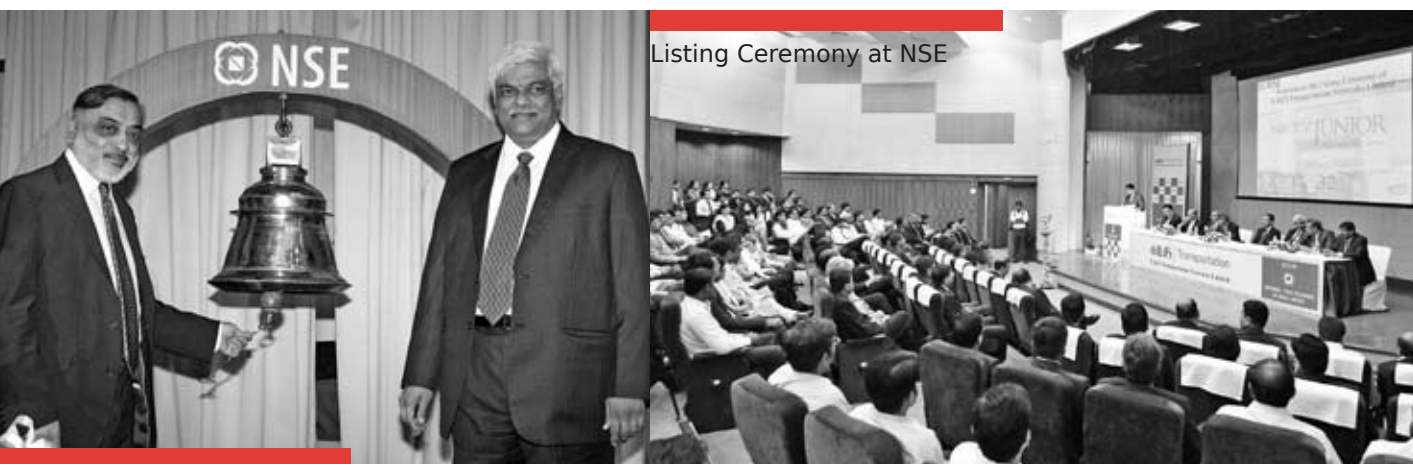
Deepak Dasgupta
Chairman

Mumbai, May 25, 2010

Belgaum Maharashtra Border Road



Report on Corporate Governance



Listing Ceremony at NSE

LISTING OF SHARES OF THE COMPANY ON THE STOCK EXCHANGES

The application for seeking in-principle approval for listing of equity shares of the Company was filed with the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) on September 29, 2009. The in-principle approval was received from NSE on October 21, 2009 and BSE on November 4, 2009. The Company's equity shares were listed on both the aforesaid stock exchanges on March 30, 2010. The information provided in the Corporate Governance Report 2009-10, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement is for the period from September 29, 2009 to March 31, 2010

1. Company's Philosophy on Corporate Governance

Corporate Governance is essentially a system by which Companies are directed and controlled by the Management in the best interests of the shareholders, lenders, creditors and employees. Corporate Governance is a way of life, which inspires and strengthens investor's confidence and commitment to the Company

The Company's Corporate Governance has been strengthened with the adoption of the Code of Conduct and the Code of Conduct for Prevention of Insider Trading. The Company through its Board and Committees endeavors to deliver the highest governing standards for the benefit of its Stakeholders

2. Board of Directors

Composition

The Board was reconstituted on June 30, 2009 in line with the provisions of Clause 49 of the Listing Agreement. There is an optimum combination of Executive and Non-Executive Directors. The Board

presently comprises of 11 Directors, including 2 Executive and 9 Non-Executive Directors, of which 4 are Independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board

None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which he is a director. As required under Clause 49 of the Listing Agreement, necessary disclosures regarding committee positions have been made by the Directors

The Board met 3 (Three) times during the period September 29, 2009 to March 31, 2010 on the following dates:

- (i) November 30, 2009,
- (ii) January 29, 2010 and
- (iii) February 27, 2010

Category and Attendance of Directors

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the period September 29, 2009 to March 31, 2010 along with the number of directorships and committee memberships held by them in other companies as on March 31, 2010 are given below. The directorships in other companies exclude those held in private limited companies, associations, companies incorporated outside India and alternate directorships. The Chairmanship / Membership of the Committees include memberships of Audit and Shareholders' / Investors' Grievance Committees. The last AGM was held prior to the period under review and therefore the details of attendance of the Directors at the same are not provided

| Name of the Director | Category of Directorship | Attendance at Board meeting | | Number of Directorships in other public companies | | Number of Committee positions held in other public companies | |
|--|---------------------------------|-----------------------------|----------|---|--------|--|--------|
| | | Held | Attended | Chairman | Member | Chairman | Member |
| Mr. Deepak Dasgupta (Chairman) | Non Executive, Independent | 3 | 2 | 1 | 3 | - | 2 |
| Mr. R. C. Sinha | Non-Executive, Independent | 3 | 3 | - | 4 | - | - |
| Mr. H. P. Jamdar | Non-Executive, Independent | 3 | 3 | - | 1 | - | - |
| Mr. Deepak Satwalekar | Non- Executive, Independent | 3 | 1 | - | 7 | 2 | 4 |
| Mr. Ravi Parthasarathy | Non-Executive, Non-Independent | 3 | 3 | 7 | 5 | - | - |
| Mr. Hari Sankaran | Non-Executive, Non-Independent | 3 | 3 | - | 13 | - | 1 |
| Mr. Arun K Saha | Non-Executive, Non-Independent | 3 | 3 | 1 | 12 | 2 | 6 |
| Mr. Vibhav Kapoor | Non-Executive, Non-Independent | 3 | 3 | - | 7 | 1 | 2 |
| Mr. Pradeep Puri | Non-Executive, Non-Independent | 3 | 3 | 1 | 12 | 2 | 2 |
| Mr. K Ramchand (Managing Director) | Executive, Non-Independent | 3 | 3 | - | 13 | 1 | 3 |
| Mr. Mukund Sapre (Executive Director) | Executive, Non-Independent | 3 | 3 | - | 12 | - | 7 |
| Mr. Gopi Arora (Ceased effective November 5, 2009) | Non- Executive, Non-Independent | 3 | - | - | - | - | - |

Directors seeking appointment / re-appointment

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement are annexed to the Notice convening the Annual General Meeting and forms part of this Annual Report

3. AUDIT COMMITTEE

Composition

The Audit Committee of the Company was reconstituted on June 30, 2009 in line with the provisions of Clause 49 of the Listing Agreement. The Committee presently comprises of 4 Non - Executive Directors namely, Mr. R. C. Sinha as Chairman, Mr. Deepak Dasgupta, Mr. H. P. Jamdar and Mr. Arun K Saha, Members. Except for Mr. Saha, all other members are Independent Directors. Mr. Krishna Ghag, Company Secretary is the Secretary of the Audit Committee

The composition, role, terms of reference as well as powers of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing

Agreement and Section 292A of the Companies Act, 1956

Terms of reference

The terms of reference inter alia, include oversight of the Company's financial reporting process, reviewing the financial statements with the Management, recommending appointment / re-appointment of auditors, fixation of audit fees, reviewing the adequacy of internal audit function, periodic discussions with auditors about their scope and adequacy of internal control systems, discussion on any significant findings made by Internal Auditors and follow up action. The Committee also reviews various information prescribed under Clause 49(II)(E) of the Listing Agreement with the Stock Exchanges

Meetings held

Two Audit Committee meetings were held during the period September 29, 2009 to March 31, 2010 on the following dates:

- (i) November 30, 2009 and
- (ii) January 29, 2010

Attendance

The attendance at the meetings of the Audit Committees held, during the period September 29, 2009 to March 31, 2010 are given below:

| Name of Director | Designation | Category of Directorship | No of Meetings during the period | |
|---------------------|-------------|---------------------------------|----------------------------------|----------|
| | | | Held | Attended |
| Mr. R. C. Sinha | Chairman | Non- Executive, Independent | 2 | 2 |
| Mr. Deepak Dasgupta | Member | Non- Executive, Independent | 2 | 1 |
| Mr. H. P. Jamdar | Member | Non- Executive, Independent | 2 | 2 |
| Mr. Arun K. Saha | Member | Non- Executive, Non-Independent | 2 | 2 |

The Managing Director, Executive Director and Chief Financial Officer of the Company attend the meetings. The representatives of the Statutory and Internal Auditors also remain present at the meetings

The last Annual General Meeting (AGM) of the Company was held on September 9, 2009 i.e. prior to seeking in-principle approval from the Stock Exchanges and therefore this Report does not cover the attendance of the Chairman of the Audit Committee at that AGM

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Composition

The Shareholders' / Investors' Grievance Committee of the Company was reconstituted on June 30, 2009 in line with the provisions of Clause 49 of the Listing Agreement. The Committee comprises of 2 Directors, namely, Mr. Arun K Saha, Non-Executive Director as Chairman and Mr. K. Ramchand, Managing Director. Mr. Krishna Ghag, Company Secretary, is the Compliance Officer

Terms of Reference

The terms of reference specifically includes redressal of shareholders/investors grievances pertaining to transfer/dematerialisation/rematerialisation of shares, non-receipt of dividend /annual report/ notices, etc

Meetings held

One meeting of the Shareholders' / Investors' Grievance Committee was held on December 29, 2009 during the period September 29, 2009 to March 31, 2010

Attendance

| Name of Director | Designation | Category of Directorship | No of Meetings during the period | |
|---|-------------|---------------------------------|----------------------------------|----------|
| | | | Held | Attended |
| Mr. Arun K. Saha | Chairman | Non- Executive, Non-Independent | 1 | 1 |
| Mr. K. Ramchand <i>Managing Director</i> | Member | Executive, Non-Independent | 1 | 1 |

Details of Investor complaints received and redressed

The Company had received 4 complaints during the period September 29, 2009 to March 31, 2010 and the same were resolved. There was no complaint lying unresolved as on March 31, 2010

5. IPO COMMITTEE

Composition

The Board of Directors of the Company had constituted an IPO Committee to initiate actions required in connection with the Initial Public Offering of the Company and to facilitate timely and speedy disposal of matters relating thereto. The Committee comprises of Mr. Hari Sankaran, Mr. Arun K Saha, Non Executive Directors and Mr. K. Ramchand, Managing Director

Meetings held

The IPO Committee met 3 (three) times during the period September 29, 2009 to March 31, 2010 on the following dates:

- (i) December 29, 2009,
- (ii) March 18, 2010 and
- (iii) March 25, 2010

6. COMMITTEE OF DIRECTORS

Composition

The Board of Directors of the Company had constituted a Committee of Directors to approve the proposals concerning day to day operations for smooth conduct of the business. The Committee comprises of Mr. Hari Sankaran, Mr. Arun K. Saha, Mr. Pradeep Puri, Non Executive Directors, Mr. K. Ramchand, Managing Director and Mr. Mukund Sapre, Executive Director

Meetings Held

The Committee of Directors met 8 times during the period under review on:

- | | |
|-------------------------|------------------------|
| (i) September 29, 2009 | (ii) October 5, 2009, |
| (iii) November 12, 2009 | (iv) December 3, 2009, |
| (v) January 14, 2010 | (vi) March 5, 2010, |
| (vii) March 11, 2010 | (viii) March 26, 2010 |

7. REMUNERATION COMMITTEE

Composition

The Remuneration Committee of the Company was reconstituted on November 30, 2009 in line with the provisions of Clause 49 of the Listing Agreement. The Committee comprises of 3 Non-Executive Directors, namely, Mr. Deepak Satwalekar as Chairman, Mr. Ravi Parthasarathy and Mr. Hari Sankaran

Terms of Reference

The terms of reference inter alia include determining the Company's policy on specific remuneration packages including pension rights and other compensation for employees of the Company, reviewing the performance of the employees, approving the annual remuneration and performance related pay to Wholtime Directors and the employees of the Company for each financial year

Meetings held

One meeting of the Remuneration Committee was held on October 14, 2009 during the period September 29, 2009 to March 31, 2010

Attendance

| Name of Director | Designation | Category of Directorship | No of Meetings during the period | |
|---|-------------|------------------------------------|----------------------------------|----------|
| | | | Held | Attended |
| Mr. Deepak Satwalekar (appointed on November 30, 2009) | Chairman | Non-Executive, Independent | 1 | - |
| Mr. Ravi Parthasarathy | Member | Non-Executive, Non- Independent | 1 | 1 |
| Mr. Hari Sankaran | Member | Non-Executive, Non- Independent | 1 | 1 |
| Mr. Gopi Arora (ceased effective November 5, 2009) | Member | Non-Executive, Non- Independent | 1 | 1 |

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance related pay. The performance related pay is determined by business performance and the performance of individual employee measured through the annual appraisal process

(a) Executive Directors

The Company pays remuneration to its Managing Director and Executive Director by way of salary, perquisites and allowances (fixed component) and performance related pay (variable component) calculated with reference to their individual and Company's overall performance in a particular financial year, as may be determined by the Remuneration Committee of the Board, at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956

The details of remuneration and perquisites paid to Mr. K. Ramchand, Managing Director and Mr. Mukund Sapre, Executive Director for the financial year ended March 31, 2010 are as follows:

| Terms of Agreement | Mr. K. Ramchand (Managing Director) | Mr. Mukund Sapre (Executive Director) |
|--------------------------------------|---|--|
| Period of appointment | 5 years | 5 years |
| Date of appointment | August 13, 2008 | August 13, 2008 |
| Salary and Other Allowances (Rs.) | 16,739,887 | 8,207,304 |
| Perquisites (Rs.) | 3,631,089 | 745,716 |
| Contribution to Provident Fund (Rs.) | 1,296,000 | 648,000 |
| Performance Linked Incentive (Rs.) | 3,100,000 | 2,100,000 |
| Notice Period | One month | |
| Severance Fees | There is no separate provision for payment of severance fees | |
| Stock Option | The Company does not have any Stock Option Plan for its employees | |

(b) Non-executive Directors

The Company pays Sitting Fees @ Rs. 15,000 per meeting (net of tax) to its Non-Executive Directors for attending meetings of the Board and other Committees of the Board. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending the meetings. The details of sitting fees paid during the period September 29, 2009 to March 31, 2010 are given below:

| Name of Director | Sitting fees (Rs.) |
|------------------------|--------------------|
| Mr. Deepak Dasgupta | 50,001 |
| Mr. R. C. Sinha | 83,335 |
| Mr. H. P. Jamdar | 83,335 |
| Mr. Deepak Satwalekar | 16,667 |
| Mr. Ravi Parthasarathy | 66,668 |
| Mr. Hari Sankaran | 233,338 |
| Mr. Arun K Saha | 233,338 |
| Mr. Vibhav Kapoor | 50,001 |
| Mr. Pradeep Puri | 100,002 |
| Mr. Gopi Arora | 16,667 |

None of the Non-Executive Directors had any material pecuniary relationship or transactions with the Company

8. GENERAL BODY MEETINGS

(a) No general meeting of the Shareholders of the Company was held during the period September 29, 2009 to March 31, 2010

(b) Annual General Meeting / Extra Ordinary General Meeting

During the last 3 financial years, the Annual General Meetings (AGM) and Extra-ordinary General Meetings (EGM) were held at the Registered office of the Company at The IL&FS Financial Centre, C-22, G-Block, Bandra – Kurla Complex, Bandra (East), Mumbai 400051

| Financial Year | Date | Time | AGM / EGM | No. of Special Resolutions passed |
|----------------|-------------------|------------|-----------|-----------------------------------|
| 2007-08 | June 5, 2007 | 12.00 noon | AGM | - |
| | October 18, 2007 | 4.00 p.m. | EGM | 1 |
| | December 5, 2007 | 2.00 p.m. | EGM | 1 |
| 2008-09 | August 29, 2008 | 3.00 p.m. | AGM | 2 |
| 2009-10 | August 4, 2009 | 12.00 noon | EGM | 2 |
| | September 9, 2009 | 10.30 a.m. | AGM | - |

None of the resolutions were required to be passed through postal ballot. At present, no Special Resolutions are proposed to be passed through postal ballot

9. DISCLOSURES

- a. There were no materially significant related party transactions i.e. transactions of a material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. during the financial year under review that may have potential conflict with the interests of the Company at large except for those disclosed in the financial statements for the year ended March 31, 2010
- b. Pursuant to the disclosures made by the Senior Management personnel of the Company to the Board, there were no material, financial and commercial transactions undertaken by them, which could have potential conflict with the interest of the Company at large
- c. There were no instances of non-compliance by the Company, no penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital markets during the period September 29, 2009 to March 31, 2010
- d. In terms of Clause 49 (V) of the Listing Agreement, the Managing Director and Chief Financial Officer have furnished the required certificates to the Board of Directors
- e. The Board of Directors of the Company has adopted a Code of Conduct, which lays down various principles of ethics and compliance. The Code has been circulated to all the Directors and employees of the Company and has also been posted on the Company's website

Further, all the members of the Board and Senior Management personnel have affirmed compliance with the Company's Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report

- f. The Company has complied with all the mandatory requirements under the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance for the period September 29, 2009 to March 31, 2010
- g. Compliance with Non Mandatory requirements:
 - (i) The Code of Conduct adopted by the Company provides a mechanism for employees to report about unethical behaviour, actual or suspected fraud or violation of the Code
 - (ii) No audit qualifications have been reported on the Company's financial statements for the year ended March 31, 2010. The Company continues to adopt best practices to ensure the regime of unqualified financial statements
 - (iii) The Company has set up the Remuneration Committee as per the provisions of Clause 49

10. MEANS OF COMMUNICATION

- a. As required under the listing agreement with the stock exchanges, the Company will publish quarterly / annual financial results in leading English and regional language newspapers. The said results will also be made available on the Company's website - www.itnlindia.com. The Annual Report of the Company and the presentations to the Institutional Investors or Analysts will be made available on the Company's website
- b. Management Discussion and Analysis Report forms part of the Directors' Report

11. GENERAL SHAREHOLDERS' INFORMATION

- I Annual General Meeting (AGM)

| | |
|----------|--|
| Day/Date | : Wednesday, August 4, 2010 |
| Time | : 3.30 p.m. |
| Venue | : Y. B. Chavan Auditorium Gen. J. Bhosale Marg, Mumbai 400 021 |
- II Financial year : April 1 to March 31
- III Date of Book Closure : Wednesday, July 28, 2010 to Wednesday, August 4, 2010 (both days inclusive)
- IV Dividend Payment Date : The dividend, if declared, shall be paid/credited before September 3, 2010
- V Listing on Stock Exchanges : (i) National Stock Exchange of India Limited (NSE)
(ii) Bombay Stock Exchange Limited (BSE)
Listing fees as applicable have been paid

VI Scrip Code : IL&FSTRANS – NSE
533177 – BSE

VII Market Price Data (High/Low during each month) on NSE and BSE:

| Month | NSE | | BSE | |
|------------|------------|-----------|------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| March 2010 | 299.00 | 266.60 | 295.00 | 270.10 |

Since the Company was listed on March 30, 2010 i.e. only 2 days prior to the closing of the financial year ended March 31, 2010, the price data is provided only for the month of March 2010 and the performance chart in comparison to broad-based indices is therefore not provided

VIII Registrar and Share Transfer Agents

Name & Address : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West), Mumbai 400 078

Telephone No : +91-22-25960320
Fax : +91-22-25960329
Email : rnt.helpdesk@linkintime.co.in

IX Share Transfer System

The share transfer requests received for physical shares at the Registrar and Share Transfer Agents will be processed and delivered within a month from the date of lodgement, if the documents are complete in all respects. Requests for dematerialisation / rematerialisation of shares will be processed and confirmation will be given to the depositories within 15 days from the date of receipt

In order to expedite the process of share transfers, the Board has delegated the powers to Shareholders' / Investors' Grievance Committee comprising of the Managing Director and Non-Executive Director, who shall attend to the share transfer formalities on a periodical basis to ensure that the transfer requests are processed in time. The Committee will also consider requests received for transmission of shares, issue of duplicate certificates and split / consolidation of certificates

X Distribution of shareholding as on March 31, 2010

| Number of Equity Shareholdings | Number of Shareholders | Percentage of Shareholders | No. of Shares | Percentage of Shares |
|--------------------------------|------------------------|----------------------------|--------------------|----------------------|
| 1-5000 | 90086 | 99.08 | 5,622,391 | 2.89 |
| 5001-10000 | 237 | 0.26 | 163,971 | 0.08 |
| 10001-20000 | 146 | 0.16 | 207,448 | 0.11 |
| 20001-30000 | 73 | 0.08 | 178,647 | 0.09 |
| 30001- 40000 | 45 | 0.05 | 153,186 | 0.09 |
| 40001- 50000 | 19 | 0.02 | 85,275 | 0.04 |
| 50001-100000 | 86 | 0.09 | 593,607 | 0.31 |
| 100001 and above | 232 | 0.26 | 187,263,207 | 96.39 |
| Total | 90924 | 100.00 | 194,267,732 | 100.00 |

Shareholding Pattern as on March 31, 2010

| Sr. No | Category | No. of Shares | Percentage |
|--------|--|--------------------|---------------|
| 1 | Promoter Holding | 135,000,000 | 69.49 |
| 2 | Promoter Group Holding | 10,867,769 | 5.59 |
| 3 | Mutual Funds/Insurance Companies / Venture Capital Funds / Trusts | 4,538,608 | 2.34 |
| 4 | Financial Institutions | 499,188 | 0.26 |
| 5 | Foreign Institutional Investors | 5,810,187 | 2.99 |
| 6 | Bodies Corporate | 10,133,945 | 5.21 |
| 7 | NRI/Foreign Bodies Corporate | 21,307,199 | 10.97 |
| 8 | Public | 6,110,836 | 3.15 |
| | Total | 194,267,732 | 100.00 |

X Dematerialisation of Shares as on March 31, 2010

The shares of the Company are compulsorily traded in electronic mode and are available for trading with both the depositories in India namely, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2010, 194,267,724 shares representing 99.99% of the Company's total paid-up share capital (including 75.08% held by the Promoter and Promoter Group) were held in dematerialised mode

XI The Company has not issued any GDR/ADR Warrants or any other convertible instruments**XII Plant Locations**

The Company does not have any manufacturing plant

XII Address for correspondence

| | |
|--|--|
| IL&FS Transportation Networks Limited | Link Intime India Private Limited |
| <i>Registered office:</i> | <i>Registrar and Share Transfer Agents</i> |
| The IL&FS Financial Centre, | C-13, Pannalal Silk Mills Compound, |
| C-22, G-Block, Bandra – Kurla Complex, | L.B.S Marg, Bhandup (West), Mumbai 400 078 |
| Bandra (East), Mumbai 400051 | Telephone: +91-22-25960320 |
| Telephone: + 91 22 26533333 | Fax :+91-22-25960329 |
| Fax : + 91 22 26523979 | Email: rnt.helpdesk@linkintime.co.in |
| Email: itnlinvestor@iflsindia.com | |

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I K Ramchand, Managing Director of IL&FS Transportation Networks Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company, applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2010

For IL&FS Transportation Networks Limited
K Ramchand
Managing Director

Mumbai, May 21, 2010

AUDITORS' CERTIFICATE

TO THE MEMBERS OF
IL&FS TRANSPORTATION NETWORKS LIMITED

We have examined the compliance of conditions of Corporate Governance by IL&FS TRANSPORTATION NETWORKS LIMITED (the "Company"), for the period from 29th September, 2009 to 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions' of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement for the period from 29th September, 2009 to 31st March, 2010.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)
Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, May 25, 2010

Financial Statements

Standalone

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Consolidated

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AUDITORS' REPORT

TO THE MEMBERS OF IL&FS TRANSPORTATION NETWORKS LIMITED

1. We have audited the attached Balance Sheet of **IL&FS TRANSPORTATION NETWORKS LIMITED** (the "Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of CARO
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
- e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for year ended on that date
5. On the basis of the written representations from the Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 117366W)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, May 25, 2010

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (3) of our report of even date)

- i) Having regard to the nature of the Company's business / activities / result, clause (xiii) of paragraph 4 of CARO is not applicable
- ii) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets
 - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company
- iii) According to the information and explanation given to us, the nature of the activities of the Company did not require it to hold inventories during the year. Accordingly, the provisions of paragraph 4(ii) of CARO are not applicable to the Company
- iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4 (iii) (a) to (g) of CARO are not applicable to the Company
- v) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of services. The nature of the Company's business is such that, it does not involve purchase or sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control system
- vi) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of paragraph 4(v) (a) and (b) of CARO are not applicable to the Company
- vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and no order in this respect in the case of the Company has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal
- viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business
- ix) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, for the nature of services rendered by the Company. Accordingly, the provisions of paragraph 4(viii) of CARO are not applicable to the Company
- x) According to the information and explanation given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Service Tax, Custom Duty, Income Tax, Wealth Tax and other material statutory dues applicable to it with the appropriate authorities during the year. According to the information and explanation given to us, there were no dues payable on account of Investor Education and Protection Fund, Employee's State Insurance, Sales Tax, Excise Duty, and Cess during the year
 - b) There were no undisputed amounts payable in respect of Service Tax, Custom Duty, Income Tax, Wealth Tax, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable
 - c) There were no amounts relating to Sales Tax, Wealth Tax, Customs Duty, Service Tax, Excise Duty and Cess that have not been deposited as on March 31, 2010 on account of dispute. The details of dues in relation to Income Tax which have not been deposited

as on March 31, 2010 on account of disputes are given below:

| Statute | Nature of dues | Forum where the dispute is pending | Period to which the amount relates | Amount involved (Rs. In Million) |
|----------------------|---|--------------------------------------|------------------------------------|----------------------------------|
| Income Tax Act, 1961 | Income Tax (including interest) | Commissioner of Income Tax (Appeals) | Assessment Year 2007- 08 | 22.61 |
| | Fringe Benefit Tax (including interest) | Commissioner of Income Tax (Appeals) | Assessment Year 2008- 09 | 0.24 |

- xi) The Company does not have any accumulated losses as at the year end. The Company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year
- xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not borrowed any sum from financial institutions or raised any sum by issue of debentures
- xiii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4(xii) of CARO are not applicable to the Company
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4(xiv) of CARO are not applicable to the Company
- xv) According to the information and explanations given to us, the Company has given counter guarantees amounting to Rs. 1,457.08 Million to its holding company of guarantees given by it to the lenders of the Company's subsidiaries and guarantees for Rs. 4,113.61 Million to the lenders of one of the Company's subsidiary. In our opinion, having regard to the relationship with the subsidiaries in respect of whose loans the guarantees have been furnished and exposure of the Company in the subsidiaries, the terms and conditions of the counter guarantees and guarantees are not, prima facie, prejudicial to the interest of the Company
- xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied for the purpose for which they were obtained, other than temporary deployment pending application.
- xvii) In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investments
- xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of paragraph 4(xviii) of CARO are not applicable to the Company
- xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Therefore, the provisions of paragraph 4(xix) of CARO are not applicable to the Company
- xx) The Management has disclosed (in note no. 1 of the Schedule M to the financial statements) the end use of money raised by public issue and we have verified the same
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai
May 25, 2010

BALANCE SHEET as at March 31, 2010

Rupees in Million

| Schedule | As at March 31, 2010 | | As at March 31, 2009 | |
|---|-------------------------|------------------|-------------------------|-----------|
| SOURCES OF FUNDS | | | | |
| Shareholders' funds | | | | |
| Capital | A | 1,942.68 | 1,714.15 | |
| Reserves and surplus | B | 13,814.85 | 5,951.30 | |
| | | 15,757.53 | | 7,665.45 |
| Advance towards capital (Refer Schedule "N" note no. 24) | | - | | 450.00 |
| Loan funds | | | | |
| Secured Loans | | - | | - |
| Unsecured Loans | C | 15,250.00 | | 7,190.00 |
| Deferred tax liability (net) (Refer schedule "N" note no. 5) | | 1.90 | | 1.52 |
| | | 31,009.43 | | 15,306.97 |
| APPLICATION OF FUNDS | | | | |
| Fixed assets | D | | | |
| Gross block | | 460.42 | 201.30 | |
| Less: Depreciation | | 81.20 | 59.04 | |
| Net block | | 379.22 | 142.26 | |
| Capital work in progress / capital advances | | 7.38 | 248.54 | |
| | | 386.60 | | 390.80 |
| Investments | E | 13,953.81 | | 8,611.33 |
| Current assets, loans and advances | F | | | |
| Inventories | | - | - | |
| Sundry debtors | | 4,756.11 | 375.24 | |
| Cash and bank balances | | 1,429.15 | 25.56 | |
| Other current assets | | 712.42 | 827.89 | |
| Loans and advances | | 14,431.12 | 6,026.85 | |
| | | 21,328.80 | 7,255.54 | |
| Less : Current liabilities and provisions | G | | | |
| Current liabilities | | 3,960.62 | 684.08 | |
| Provisions | | 699.16 | 266.62 | |
| | | 4,659.78 | 950.70 | |
| Net current assets | | 16,669.02 | | 6,304.84 |
| | | 31,009.43 | | 15,306.97 |
| Significant accounting policies | M | | | |
| Notes forming part of the financial statements | N | | | |

Schedules "A" to "N" annexed hereto form part of the financial statements

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner

K. Ramchand
Managing Director

Arun K. Saha
Director

Mumbai, May 25, 2010

George Cherian
Chief Financial Officer

Krishna Ghag
Company Secretary

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2010

Rupees in Million

| | Schedule | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|----------|---------------------------------|---------------------------------|
| INCOME | | | |
| Income from operations | H | 8,454.65 | 1,320.80 |
| Other income | I | 960.71 | 570.12 |
| Foreign exchange fluctuation (net) | | - | 385.85 |
| | | 9,415.36 | 2,276.77 |
| EXPENSES | | | |
| Operating expenses | J | 2,135.55 | 185.46 |
| Employee Costs (refer schedule "N" note no. 15 and 16) | | 325.43 | 193.17 |
| Administration and general expenses | K | 514.85 | 474.65 |
| Interest and finance charges | L | 1,425.08 | 596.45 |
| | | 4,400.91 | 1,449.73 |
| PROFIT BEFORE DEPRECIATION, DIMINUTION AND TAX | | 5,014.45 | 827.04 |
| Depreciation | | 43.18 | 26.81 |
| PROFIT BEFORE TAX AND DIMINUTION | | 4,971.27 | 800.23 |
| Provision for diminution in value of investments | | - | 100.00 |
| PROFIT BEFORE TAX | | 4,971.27 | 700.23 |
| Provision for tax | | | |
| Current tax | | 1,681.81 | 343.01 |
| Tax relating to earlier years | | - | 16.47 |
| Deferred tax charge/(credit) (net) | | 42.17 | (71.02) |
| Fringe benefit tax | | - | 7.54 |
| PROFIT AFTER TAX | | 3,247.29 | 404.23 |
| Balance of profit brought forward | | 771.31 | 627.87 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 4,018.60 | 1,032.10 |
| Appropriations: | | | |
| General reserve | | 324.73 | 10.11 |
| Proposed dividend | | 582.80 | 214.27 |
| Tax on dividend | | 96.80 | 36.41 |
| Balance of profit carried forward to Balance Sheet | | 3,014.27 | 771.31 |
| Basic and Diluted earnings per share (Face Value per share Rs. 10) (Refer schedule "N" note no. 29) | | 18.93 | 2.36 |
| Significant accounting policies | M | | |
| Notes forming part of the financial statements | N | | |
| Schedules "A" to "N" annexed hereto form part of the financial statements | | | |

In terms of our report of even date attached.
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner

K. Ramchand
Managing Director

Arun K. Saha
Director

Mumbai, May 25, 2010

George Cherian
Chief Financial Officer

Krishna Ghag
Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2010

Rupees in Million

| Particulars | Year Ended March 31, 2010 | Year ended March 31, 2009 |
|--|---------------------------------|---------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 4,971.27 | 700.23 |
| Adjustments for | | |
| Interest Income | (538.26) | (395.52) |
| Profit on sale of investment | (93.10) | (154.63) |
| Provisions written back | (1.32) | (2.75) |
| Provision for compensated absences | 3.53 | 3.96 |
| Provision for gratuity | (1.94) | (2.57) |
| Loss on sale of fixed assets (net) | 1.19 | 0.01 |
| Depreciation | 43.18 | 26.81 |
| Interest and finance charges | 1,425.08 | 596.45 |
| Foreign exchange difference | 13.02 | (385.85) |
| Provision for doubtful debts / advances | 7.29 | - |
| Provision for diminution | - | 100.00 |
| Operating profit before Working Capital Changes | 5,829.94 | 486.14 |
| Adjustments for | | |
| (Increase)/decrease in debtors | (4,400.90) | 134.55 |
| (Increase)/decrease in loans and advances | (3,384.03) | (203.16) |
| Increase in current liabilities and provisions | 3,340.26 | 1.66 |
| Cash Generated from Operating Activities | 1,385.27 | 419.19 |
| Direct taxes paid (Net) | (2,105.13) | (445.05) |
| Net Cash (used in) / generated from Operating Activities (A) | (719.86) | (25.86) |
| Cash Flow from Investing Activities | | |
| Purchase of fixed assets | (278.79) | (37.88) |
| Sale of fixed assets | 2.45 | 1.53 |
| Purchase of / advance towards investments | (6,192.66) | (1,404.96) |
| Sale proceeds of investments | 147.13 | 1,069.73 |
| Investment in Mutual Funds | (2,500.71) | - |
| Short term loans given (net of received) | (1,336.20) | 680.17 |
| Other loans given | (817.90) | (3,121.05) |
| Other loans recovered | 1,574.95 | 258.83 |
| Amounts refunded / (placed) in call money (net) | 210.00 | (187.42) |
| Interest income | 465.03 | 261.80 |
| Fixed deposits with original maturity exceeding 3 months (placed) / encashed | (1.56) | 110.69 |
| Advance against property | (814.80) | - |
| Net Cash (used in) / generated from Investing Activities (B) | (9,543.06) | (2,368.56) |

CASH FLOW STATEMENT

for the year ended March 31, 2010 Contd.

Rupees in Million

| Particulars | Year Ended March 31, 2010 | Year ended March 31, 2009 |
|---|---------------------------------|---------------------------------|
| Cash Flow from Financing Activities | | |
| Proceeds from Issue of Shares | 5,896.06 | - |
| Share Issue expenses paid | (138.00) | - |
| Proceeds from unsecured loans | 23,570.00 | 9,740.00 |
| Repayment of unsecured loans | (15,960.00) | (6,430.00) |
| Interest and finance charges paid | (1,452.43) | (592.56) |
| Dividend payment | (214.27) | (325.32) |
| Tax on Dividend | (36.41) | (55.29) |
| Net Cash (used in) / generated from Financing Activities (C) | 11,664.95 | 2,336.83 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 1,402.03 | (57.59) |
| Cash and Cash Equivalent at the beginning of the year | 24.43 | 82.02 |
| Cash and Cash Equivalent at the end of the year | 1,426.46 | 24.43 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 1,402.03 | (57.59) |
| Notes: | | |
| 1. Components of Cash & Cash Equivalents | | |
| Cash and Cheques on hand | 0.14 | 0.18 |
| Balance with Scheduled Banks - Current Accounts | 1,426.32 | 24.25 |
| | 1,426.46 | 24.43 |
| Fixed deposits placed for a period exceeding 3 months | 2.69 | 1.13 |
| Cash and Bank Balances | 1,429.15 | 25.56 |
| Significant Accounting policies | M | |
| Notes forming part of the financial statements | N | |
| Schedules "A" to "N" annexed hereto form part of financial statements | | |

In terms of our report of even date attached.
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, May 25, 2010

For and on behalf of the Board

K. Ramchand
Managing Director

George Cherian
Chief Financial Officer

Arun K. Saha
Director

Krishna Ghag
Company Secretary

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------------|----------------------------|
| Schedule A : CAPITAL | | |
| Authorised | | |
| 250,000,000 (Previous year 250,000,000) equity shares of Rs. 10 each | 2,500.00 | 2,500.00 |
| Issued, Subscribed And Paid Up | | |
| 194,267,732 (Previous year 171,414,794) equity shares of Rs. 10/- each fully paid up (Refer footnote) (refer schedule "N" note no. 1) | 1,942.68 | 1,714.15 |
| Total Capital | 1,942.68 | 1,714.15 |

Footnote:

Of the above, 135,000,000 (Previous year 135,000,000) equity shares are held by the holding company viz. Infrastructure Leasing & Financial Services Limited and its nominees

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------|-------------------------|
| Schedule B : RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 4,943.52 | 4943.52 |
| Addition during the year | 5,667.53 | - |
| Less: Share Issue expense (Refer schedule "N" note no. 1) | (290.48) | - |
| | 10,320.57 | 4,943.52 |
| General Reserve Account | | |
| Balance as per last Balance Sheet | 102.75 | 92.64 |
| Addition during the year | 324.73 | 10.11 |
| | 427.48 | 102.75 |
| Foreign Currency Translation Reserve | | |
| Balance as per last Balance Sheet | 133.72 | - |
| Add: Additions during the year (net of deferred tax previous year Rs. 71.00 Million) | - | 133.72 |
| Less : Adjustment on account of repayment of loan (net of deferred tax Rs. 19.40 Million) | (37.68) | - |
| Less : Adjustment on account of revaluation of loan (net of deferred tax Rs. 22.40 Million) | (43.51) | - |
| | 52.53 | 133.72 |
| Balance in Profit and Loss Account | 3,014.27 | 771.31 |
| Total reserves and surplus | 13,814.85 | 5,951.30 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------------------|----------------------------|
| Schedule C : UNSECURED LOANS | | |
| From a subsidiary | | |
| Other than Short Term Loan (of which due within a year Rs. Nil (Previous year Rs. 290 Million)) | - | 290.00 |
| Other Interest free deposit (of which due within a year Rs. Nil (Previous year Nil)) | 750.00 | 750.00 |
| From banks | | |
| Short Term Loans | 7,500.00 | 1,000.00 |
| Other than Short term loans (Amount repayable within a year Rs. 3,500 Million (Previous year Rs. 3,000 Million)) | 7,000.00 | 4,000.00 |
| From others | | |
| Short Term Loans | - | 1,150.00 |
| Total unsecured loans | 15,250.00 | 7,190.00 |

SCHEDULES

forming part of the Financial Statements

| Description of Assets | Rupees in Million | | | | | | | | | |
|---|-----------------------------|---------------|--------------|------------------------------|----------------------------------|--------------|--------------|----------------------------------|----------------------|----------------------|
| | Gross Block (at cost) | | | | | Depreciation | | | Net Block | |
| | Opening as at April 1, 2009 | Additions | Deductions | Closing as at March 31, 2010 | Accumulated up to March 31, 2009 | For the year | Deductions | Accumulated up to March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 |
| Buildings | 14.96 | - | - | 14.96 | 0.37 | 0.24 | - | 0.61 | 14.35 | 14.59 |
| Plant & Machinery | 26.63 | 6.82 | - | 33.45 | 4.30 | 3.42 | - | 7.72 | 25.73 | 22.33 |
| Furniture & Fixtures | 11.65 | 0.37 | 0.82 | 11.20 | 5.33 | 1.48 | 0.60 | 6.21 | 4.99 | 6.32 |
| Office Equipment | 12.43 | 1.54 | 0.62 | 13.35 | 6.72 | 2.14 | 0.39 | 8.47 | 4.88 | 5.71 |
| Data Processing Equipment | 17.44 | 2.76 | 0.54 | 19.66 | 8.78 | 3.92 | 0.25 | 12.45 | 7.21 | 8.66 |
| Vehicles | 30.99 | 16.38 | 6.31 | 41.06 | 11.31 | 5.84 | 3.41 | 13.74 | 27.32 | 19.68 |
| Leasehold Improvements | 16.37 | 8.76 | 16.37 | 8.76 | 11.25 | 5.38 | 16.37 | 0.26 | 8.50 | 5.12 |
| Tangible Assets Total | 130.47 | 36.63 | 24.66 | 142.44 | 48.06 | 22.42 | 21.02 | 49.46 | 92.98 | 82.41 |
| Software | 10.83 | 247.15 | - | 257.98 | 3.98 | 18.11 | - | 22.09 | 235.89 | 6.85 |
| Commercial Rights Acquired (Refer schedule "N" note no. 6) | 60.00 | - | - | 60.00 | 7.00 | 2.65 | - | 9.65 | 50.35 | 53.00 |
| Intangible Assets Total | 70.83 | 247.15 | - | 317.98 | 10.98 | 20.76 | - | 31.74 | 286.24 | 59.85 |
| Total Fixed Assets | 201.30 | 283.78 | 24.66 | 460.42 | 59.04 | 43.18 | 21.02 | 81.20 | 379.22 | 142.26 |
| Previous Year | 168.41 | 36.93 | 4.04 | 201.30 | 34.74 | 26.81 | 2.51 | 59.04 | 142.26 | |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | Number | Face Value Rupees | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------|-------------------|----------------------|----------------------|
| Schedule E : INVESTMENTS | | | | |
| A) Long term (Refer schedule "N" note no. 7) (at cost less provision for diminution in value) | | | | |
| I Investments in subsidiary companies | | | | |
| In Unquoted equity shares | | | | |
| Gujarat Road and Infrastructure Company Limited | 76,542,250 | 10 | 442.50 | 442.50 |
| North Karnataka Expressway Limited | 15,144,676 | 10 | 151.45 | 151.45 |
| East Hyderabad Expressway Limited | 21,689,400 | 10 | 216.89 | 216.89 |
| ITNL International Pte. Limited (Nominal value US\$ 1 each) | 28,050,001 | | 1,340.15 | 232.29 |
| ITNL Road Infrastructure Development Company Limited (Formerly known as ITNL Chhattisgarh Road Infrastructure Company Limited) | 40,000,000 | 10 | 400.00 | 400.00 |
| Elsamex S.A. (Nominal value Euro 60.10121 each) (Refer schedule "N" note no. 8) | 260,949 | | 2,722.34 | 2,445.85 |
| Vansh Nimay Infraprojects Limited (Formerly known as Vansh Nimay Infraprojects Private Limited) | 8,000,000 | 10 | 80.00 | 80.00 |
| ITNL Enso Rail Systems Limited | 14,000,000 | 10 | 140.00 | 28.75 |
| Hazaribagh Ranchi Expressway Limited | 37,000 | 10 | 0.37 | - |
| Pune Sholapur Road Development Company Limited | 50,000 | 10 | 0.50 | - |
| West Gujarat Expressway Limited (subsidiary w.e.f 10.06.2009) | 9,800,000 | 10 | 98.00 | 98.00 |
| Moradabad Bareilly Expressway Limited | 49,940 | 10 | 0.50 | - |
| Jharkhand Road Projects Implementation Company Limited | 119,915,000 | 10 | 1,199.15 | - |
| In units | | | | |
| ITNL Road Investment Trust - Scheme I | 1,031,321 | 1,000 | 1,031.32 | 1,031.10 |
| II Trade investments- unquoted equity shares | | | | |
| Thiruvananthapuram Road Development Company Limited | 13,025,000 | 10 | 130.25 | 130.25 |
| Andhra Pradesh Expressway Limited | 16,513,060 | 10 | 165.13 | 165.13 |
| Tamil Nadu Road Development Company Limited | - | 10 | - | 53.90 |
| Pipavav Railway Corporation Limited | 12,000,000 | 10 | 179.00 | 179.00 |
| ITNL Toll Management Services Limited | 24,500 | 10 | 0.25 | 0.24 |
| Warora Chandrapur Ballarpur Toll Roads Limited | 17,490 | 10 | 0.17 | - |
| Narketpalli Addanki Expressway Limited | 24,970 | 10 | 0.25 | - |
| III Trade investments - quoted equity shares | | | | |
| Noida Toll Bridge Company Limited (Market value as at March 31, 2010 Rs. 1,540.92 Million (Market value as at March 31, 2009 Rs. 1,142.12 Million)) | 47,195,007 | 10 | 1,871.58 | 1,871.58 |
| IV Investment in covered warrants (Refer schedule "N" note no. 9) | | | | |
| Infrastructure Leasing & Financial Services Limited (underlying shares of Road Infrastructure Development Company of Rajasthan Limited) | 50,000,000 | 10 | 500.00 | 500.00 |
| V Investment in optionally convertible debentures | | | | |
| 5% Andhra Pradesh Expressway Limited | 7,864,000 | 100 | 786.40 | 786.40 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | Number | Face Value Rupees | As at March 31, 2010 | As at March 31, 2009 |
|---|------------|-------------------|----------------------|----------------------|
| Schedule E : INVESTMENTS contd. | | | | |
| VI Redeemable optionally convertible cumulative preference shares in a Subsidiary (Refer schedule "N" note no. 10) | | | | |
| West Gujarat Expressway Limited | 20,000,000 | 10 | 296.90 | 98.00 |
| B) Current Investments at lower of cost and market value (Refer schedule "N" note no. 1 and 7) | | | | |
| I Investments in Mutual Fund Units | | | | |
| (Market value as at March 31, 2010 Rs. 2,500.71 (Market value as at March 31, 2009 Rs. Nil)) | | | | |
| | | | 2,500.71 | - |
| | | | 14,253.81 | 8,911.33 |
| Less: Provision for diminution | | | (300.00) | (300.00) |
| Total Investments | | | 13,953.81 | 8,611.33 |
| Aggregate Cost of unquoted Investments | | | 9,881.52 | 7,039.75 |
| Aggregate Cost of quoted Investments | | | 4,372.29 | 1,871.58 |

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------|----------------------|
| Schedule F : CURRENT ASSETS, LOANS & ADVANCES | | |
| CURRENT ASSETS | | |
| INVENTORIES | | |
| | - | - |
| SUNDRY DEBTORS (Unsecured) (Refer schedule "M" note no 11.a) | | |
| - Debts outstanding for a period exceeding six months | | |
| - Subsidiary companies | | |
| - Considered good | 1,229.59 | 92.46 |
| - Considered doubtful | 4.00 | - |
| - Others | | |
| - Considered good | 71.79 | 99.66 |
| - Considered doubtful | 3.00 | |
| - Other Debts (Considered good) | | |
| - Subsidiary companies | 3,352.00 | 110.96 |
| - Others | 102.73 | 72.16 |
| | 4,763.11 | 375.24 |
| Less: Provision for doubtful debts | 7.00 | - |
| | 4,756.11 | 375.24 |
| CASH AND BANK BALANCES | | |
| Cash in hand | 0.14 | 0.18 |
| Balances with Scheduled Banks - in Current Accounts * | 1,426.32 | 24.25 |
| - in Deposit Accounts | 2.69 | 1.13 |
| * Includes Rs. 883.47 Million being proceeds from initial public offering pending utilisation (Refer schedule "N" note no. 1) | | |
| | 1,429.15 | 25.56 |
| OTHER CURRENT ASSETS | | |
| Option premium assets account (Refer schedule "N" note no. 12.a) | 1.25 | 189.95 |
| Interest accrued | 329.54 | 256.31 |
| Receivable against sale of Investments | 381.63 | 381.63 |
| | 712.42 | 827.89 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------------|----------------------------|
| Schedule F : CURRENT ASSETS, LOANS & ADVANCES contd. | | |
| LOANS AND ADVANCES | | |
| (Unsecured unless otherwise stated, considered good) | | |
| Advances recoverable in cash or in kind or for value to be received (Refer schedule "N" note no. 11.b) | | |
| Subsidiary Companies | 198.14 | 130.03 |
| Others | 3,226.35 | 80.53 |
| Less: Provision for doubtful advances | 0.29 | - |
| | 3,424.20 | 210.56 |
| Investment in Call Money | - | 210.00 |
| Advance payment of taxes (net of provision) | 645.90 | 222.49 |
| Advance Fringe Benefits Tax (net of provision) | 1.35 | 1.35 |
| Deposits | 429.86 | 209.16 |
| Short term loans | | |
| Subsidiary Companies | | |
| Vansh Nimay Infraprojects Limited (Formerly known as Vansh Nimay Infraprojects Private Limited) | 110.00 | 133.30 |
| Elsamex India Private Limited | 30.09 | 24.09 |
| West Gujarat Expressway Limited | 35.00 | 35.00 |
| Others | 2,058.50 | 505.00 |
| | 2,233.59 | 697.39 |
| Other than short term loans | | |
| Subsidiary Companies | | |
| Gujarat Road and Infrastructure Company Limited (Secured) | 308.80 | 308.80 |
| ITNL International Pte. Limited | - | 2,369.18 |
| ITNL Road Infrastructure Company Limited | 133.30 | 100.00 |
| Others | 784.60 | 616.87 |
| | 1,226.70 | 3,394.85 |
| Advance towards Capital / Share Application Money in subsidiaries | | |
| North Karnataka Expressway Limited | 412.00 | 412.00 |
| Pune Sholapur Road Development Company Limited | 1,599.50 | - |
| Gujarat Road and Infrastructure Company Limited (Refer schedule "N" note no. 13) | 600.00 | 600.00 |
| Elsamex S.A. | 0.02 | 0.00 |
| Hazaribagh Ranchi Expressway Limited | 654.50 | - |
| Jharkhand Road Projects Implementation Company Limited | 62.50 | - |
| ITNL ENSO Rail Systems Limited | - | 28.75 |
| Moradabad Bareilly Expressway Limited | 2,216.10 | - |
| in others | | |
| Thiruvananthapuram Road Development Company Limited | 40.30 | 40.30 |
| Hyderabad Expressway Limited | 69.80 | - |
| | 5,654.72 | 1,081.05 |
| Advance towards Property | 814.80 | - |
| | 14,431.12 | 6,026.85 |
| Total Current Assets, Loans And Advances | 21,328.80 | 7,255.54 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------------|----------------------------|
| Schedule G : CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry creditors other than Micro and Small Enterprises (Refer schedule "N" Note No. 14) | 543.69 | 153.68 |
| Payable to subsidiary companies | 3,058.92 | 238.31 |
| Interest accrued but not due on loans from subsidiary Company | - | 27.36 |
| Option premium liabilities account (Refer schedule "N" Note No. 12. a) | 227.44 | 227.44 |
| Other liabilities | 130.57 | 37.29 |
| | 3,960.62 | 684.08 |
| PROVISIONS | | |
| Provision for compensated absences | 19.24 | 15.71 |
| Provision for wealth tax (net of advance) | 0.32 | 0.23 |
| Proposed dividend | 582.80 | 214.27 |
| Tax on dividend | 96.80 | 36.41 |
| | 699.16 | 266.62 |
| Total Current Liabilities and Provisions | 4,659.78 | 950.70 |

Rupees in Million

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|---------------------------------|---------------------------------|
| Schedule H : INCOME FROM OPERATIONS | | |
| I. Advisory, supervision, tolling, operation and maintenance | | |
| Advisory and project management fees | 6,757.94 | 811.86 |
| Lenders' engineer and supervision fees | 150.15 | 146.55 |
| Operation and maintenance income | 374.33 | 355.25 |
| | (a) | 1,313.66 |
| II. Traded products (Refer Schedule "N" note no. 23) | | |
| Sales (net of sales tax) | - | 7.14 |
| | (b) | 7.14 |
| III. Construction Income | (c) | - |
| Total income from operations | (a+b+c) | 1,320.80 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|---------------------------------|---------------------------------|
| Schedule I : OTHER INCOME | | |
| Interest | | |
| on bank deposits (Tax deducted at source Rs. Nil (Previous year Rs. 0.51 Million)) | 0.11 | 3.14 |
| on debentures (Tax deducted at source Rs. 3.93 Million (Previous year Rs. 8.91 Million)) | 39.32 | 39.32 |
| on Call Money (Tax deducted at source Rs. 2.80 Million (Previous year Rs. 4.74 Million)) | 20.88 | 20.91 |
| on other short term loans (Tax deducted at source Rs. 49.46 Million (Previous year Rs. 62.17Million)) | 439.76 | 313.09 |
| on Non Convertible Debentures (Tax deducted at source Rs. NIL (Previous year Rs. 2.40 Million)) | - | 10.58 |
| on Deep Discount Bonds | - | 8.48 |
| on Advance against property (Tax deducted at source Rs. 3.82 Million (Previous year Rs. Nil)) | 38.20 | - |
| Profit on sale of unquoted Long Term trade investments | 93.10 | 154.63 |
| Income from Material Testing (Tax deducted at source Rs. Nil (Previous year Rs. 0.08 Million)) | 0.09 | 2.01 |
| General management services | 293.59 | - |
| Miscellaneous income | 35.66 | 17.96 |
| Total other income | 960.71 | 570.12 |
| Schedule J : OPERATING EXPENSES | | |
| Construction Contract Costs (refer schedule "N" note no. 17) | 1,032.80 | - |
| Fees for technical services / design and drawings | 968.35 | - |
| Operation and maintenance expenses | 134.40 | 178.44 |
| Cost of traded products | - | 7.02 |
| Total operating expenses | 2,135.55 | 185.46 |

SCHEDULES

forming part of the Financial Statements

Rupees in Million

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|--|---------------------------------|
| Schedule K : ADMINISTRATION AND GENERAL EXPENSES | | |
| Electricity | 3.36 | 3.81 |
| Travelling and conveyance | 85.69 | 95.83 |
| Printing and stationery | 3.26 | 3.20 |
| Rent | 51.62 | 46.93 |
| Rates and taxes | 24.76 | 0.41 |
| Repairs and maintenance - Others | 13.26 | 14.63 |
| Cost of shared services | 0.16 | 0.81 |
| Communication expenses | 7.76 | 7.66 |
| Insurance | 12.17 | 6.44 |
| Legal and consultation fees | 181.27 | 240.82 |
| Directors' fees | 1.68 | 1.06 |
| Bank Commission | 29.43 | 10.22 |
| Provision for doubtful debts/advances | 7.29 | - |
| Registration expenses | 2.05 | 1.62 |
| Bid documents | 25.84 | 6.39 |
| Foreign exchange fluctuation (net) | 16.53 | - |
| Miscellaneous expenses (Refer schedule "N" note no. 19) | 48.72 | 34.82 |
| Total administrative and general expenses | 514.85 | 474.65 |
| Schedule L : INTEREST AND FINANCE CHARGES | | |
| Interest on loans for fixed period | 1,361.18 | 548.51 |
| Upfront Fees | 13.90 | 10.44 |
| Finance Charges | 50.00 | 37.50 |
| Total interest and finance charges | 1,425.08 | 596.45 |

SCHEDULES

forming part of the Financial Statements

Schedule M : SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on an accrual basis

2. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements, the reported income and expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates

3. Fixed Assets and Depreciation/Amortisation

(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company 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 Company 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 |

- (iii) Depreciation on fixed assets, other than on assets specified in Notes 3(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 comprise of software and amounts paid for acquisition of commercial rights under an "Operation and Maintenance" agreement of a toll road project

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

SCHEDULES

forming part of the Financial Statements

Acquired intangible assets are reported separately from goodwill if they fulfil 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 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 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 of the concession agreement relating to the corresponding toll road project as it existed at the time of acquisition

4. Impairment of Assets

The carrying values of assets of the Company's cash-generating unit 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

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

Inventories are valued at the lower of cost and net realisable value. Costs are determined using the annual weighted average principle and includes purchase price and non-refundable taxes. Net realisable value is estimated at the expected selling price less estimated selling costs

7. Revenue Recognition

The Company's service offerings include advisory and management services, supervisory services (including as lenders' engineers), operation and maintenance services, toll collection services for toll road projects and rendering assistance to applicant for toll road concessions with the bidding process. The Company also trades in certain materials used in the maintenance of roads

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

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 Company's trading activities, revenue is recognised on dispatch of goods, which coincides with the significant transfer of risks and rewards

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

Contract revenue and costs associated with the construction of roads is recognised as by reference to the stage of completion of the projects at the Balance Sheet date. The stage of completion of a project is determined by the proportion that the contract cost incurred for work performed up to the Balance Sheet date bears to the estimated total contract costs

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8. Work in Progress (Unbilled Revenue)

Work in progress for projects under execution as at balance sheet date are valued at cost less provision, if any, for estimated losses. The costs of projects in respect of which revenue is recognised under the Company's revenue recognition policies but have not been billed are adjusted for the proportionate profit recognised. The cost comprises of expenditure incurred in relation to execution of the project. Provision for estimated losses, in any, on uncompleted contracts are recorded in the period in which such losses become probable based on current estimates

9. Foreign Currency Transactions

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 expense in the Profit and Loss Account

Foreign currency denominated cash and bank balances, receivables (other than those that are in substance the Company's net investment in a non integral foreign operation), and liabilities (monetary items) outstanding as at the year end are valued at closing-date rates, and unrealised translation differences are included in the Profit and Loss Account

Non monetary items (such as equity investments) denominated in foreign currencies are reported using the 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

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 Company's net investments in a non - integral foreign operations are also translated at closing rates but the exchange differences arising are accumulated in the 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

The Company'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

10. 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 Company

(b) Long term

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

(i) Defined-contribution plans

These are plans in which the Company 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 Company's payments to the defined-contribution plans are reported as expenses in 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 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) **Others**

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 in the year in which the employees perform the services that the benefit covers 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

11. Taxes on Income

Taxes include taxes on the Company's taxable profits, 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

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.

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 in future against which deductible timing differences can be utilised. When the Company carries 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

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 taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised

12. Lease Accounting

Leases of assets where the lessor retains substantially all the risks and benefits of ownership of the assets 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

13. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company 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. 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed

14. Segment Reporting

The accounting policies adopted for segment reporting are in accordance with the accounting policy of the Company. Segment revenue, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue, expenses, assets and liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Revenue / Expenses / Assets / Liabilities"

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15. Financial Income and Borrowing Costs

Financial income and borrowing costs include interest income on bank deposits and interest expense on loans

Interest income is accrued evenly over the period of the corresponding instrument

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 or 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

16. 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 Company's cash and cash equivalents in the Cash Flow Statement

17. Cash Flow Statements

The Cash Flow Statement is prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 on Cash Flow Statements

18. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities

19. Derivative Transactions

Premium paid on acquisition of option contracts is treated as current asset until maturity. If the premium paid exceeds the premium prevailing as at the date of the balance sheet, the difference 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

Premium received on option contracts written is treated as current liability until maturity. If 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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Schedule N : NOTES FORMING PART OF THE FINANCIAL STATEMENT

1. Public issue of equity shares

During the year, the Company issued 22,852,938 equity shares having a face value of Rs. 10 per share at a price of Rs. 258 per share (including share premium of Rs. 248 per share) through an initial public offering (“IPO”)

Out of the proceeds aggregating Rs. 5,896.06 Million, a sum of Rs. 228.53 Million was credited to Share Capital and the balance amount of Rs. 5,667.53 Million was credited to Securities Premium Account. Share issue expenses aggregating Rs. 290.48 Million (excluding Rs. 48.66 Million incurred on behalf of a shareholder whose holdings were divested at the time of the IPO and which sum is recoverable from the shareholder) have been charged to the Securities Premium Account in accordance with the provisions of section 78(2) of the Companies Act, 1956

Out of the share issue expenses, a sum of Rs. 201.14 Million payable to vendors as at March 31, 2010, towards share issue expenses has been offset against the total share issue expenses (as there was no outflow of cash or cash equivalents during the year) and the net sum of Rs. 138.00 Million, classified under the head “Cash Flows from Financing Activities” in the Cash Flow Statement for the year ended March 31, 2010

The utilisation / temporary deployment (pending utilisation) of the issue proceeds is tabulated below:

| Particulars | Rupees in Million | |
|--|-------------------------------------|---|
| | Amount utilised upto March 31, 2010 | Temporary deployment pending utilisation as at March 31, 2010 |
| Payments towards share issue expenses | 12.59 | |
| Repayment of debt | 2,500.00 | |
| Investment in units of mutual funds | | 2,500.00 |
| In current accounts with scheduled banks | | 883.47 |
| TOTAL | 2,512.59 | 3,383.47 |

The amount lying in current accounts as at the year end Rs. 883.47 Million has been included as a part of the Cash and Cash Equivalents in the Cash Flow Statement for the year ended March 31, 2010. The utilisation of this amount is restricted to the objects of the IPO

2. Capital commitments:

| Particulars | Rupees in Million | |
|---|----------------------|-----------------------|
| | As at March 31, 2010 | As at March, 31, 2009 |
| Estimated amount of contracts remaining on capital account and not provided for (against which advances paid aggregate Rs. 7.38 Million; Previous year Rs. 3.59 Million). | 7.96 | 3.95 |
| Exercise price payable in respect of call option contracts (see note no. 12 (a) below) | 1.25 | 11.45 |

In respect of investment in special purpose vehicles

- Hazaribagh Ranchi Expressway Limited – Contribution to Equity Share Capital of Rs. 969.40 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. 654.50 Million (Previous year Rs. Nil)
- Marketpalli Addanki Expressway Limited – Contribution to Equity Share Capital of Rs. 1,199.75 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. Nil (Previous year Rs. Nil)
- Jharkhand Road Projects Implementation Company Limited – Contribution to the Equity Share Capital of Rs. 150.85 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. 62.50 Million (Previous year Rs. Nil)

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- d) Pune Sholapur Road Development Company Limited – Contribution to the Equity Share Capital of Rs. 1,599.50 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. 1,599.50 Million (Previous year Rs. Nil)
- e) Vansh Nimay Infraprojects Limited – Acquisition of additional 10% stake from existing shareholder at the price of Rs. 12/- per share aggregating to Rs. 12 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. Nil (Previous year Rs. Nil)
- f) Moradabad Bareilly Expressway Limited – Contribution to the Equity Share Capital of Rs. 2,216.10 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. 2,216.10 Million (Previous year Rs. Nil)
- g) Subscription to Covered Warrants to be issued by Infrastructure Leasing & Financial Services Limited equivalent to its investment at 7,400,000 equity shares each held in Chhattisgarh Highways Development Company Limited and Jharkhand Accelerated Road Development Company Limited
- h) The Company has entered into arrangements to make the following investments, which are subject to fulfilment of certain precedent conditions:
- i) Sociedad Operadora del Tren Rapido Interrubano de Guanajuato “SOTRIG” – Nil (Previous Year USD 60.00 Million)
 - ii) Manila North Tollways Corporation Ltd. – Nil (Previous Year 67.10% of the equity stake, amount not quantified)

3. Contingent liabilities

| Particulars | Rupees in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Income tax demand contested by the Company | 27.53 | 7.84 |
| Performance guarantees issued on behalf of Company by banks | 3,743.99 | 623.79 |
| Counter guarantee issued to holding company for guarantees furnished by it to the lenders of subsidiaries (Deposit received Rs. 750 Million) | 1,457.08 | 2,102.62 |
| Guarantees/counter guarantees issued in respect of borrowing facilities of a foreign subsidiary company | 4,113.61 | 603.02 |

Letter of financial support issued to Chhattisgarh Highway Development Company Limited to enable it to continue its operations and meet its financial obligation as and when they fall due, during the period October 1, 2009 to March 31, 2011.

The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof

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4. Joint ventures

The Company has the following Joint Ventures as on March 31, 2010 and its proportionate share in the assets, liabilities, income and expenditure of the joint venture entities on the basis of the financial statements as at / for the year ended of those entities is given below:

| Rupees in Million | | | | | | | |
|--|---------------------------|-------------------------------|------------------------------|------------------------|--|---------------------------|---------------------------|
| Name of the Joint Venture Company | Percentage of holding | Assets (see footnote 1) | Liabilities (see footnote 1) | Contingent Liabilities | Capital Commitments | Income | Expenditure |
| Noida Toll Bridge Company Limited | 25.35% (25.35%) | 1,506.70 (1,495.64) | 428.36 (502.14) | 8.58 (5.19) | - (1.27) | 217.17 (205.22) | 147.69 (120.30) |
| Tamil Nadu Road Development Company Limited (see footnote 2) | - (49%) | - (1,247.22) | - (1,118.18) | - (4.59) | - (454.28) (Advance against capital commitment is Rs.303.90) | - (34.21) | - (54.90) |

Footnotes:

- Current liabilities have been netted off against assets while reporting the figures of assets above. Consequently, amounts shown against liabilities are restricted to loan funds
- The Company ceased to be in joint control of the operations of Tamil Nadu Road Development Company Limited (TNRDCL) with effect from October 29, 2008 and the figures of TNRDCL are only up to September 30, 2008. The Company has disposed off its investment in TNRDCL in the current year
- Figures in brackets relate to previous year

5. Deferred tax

The Company has a net deferred tax liability of Rs. 1.90 Million (Previous year Rs. 1.52 Million). The components are as under:

| Particulars | Rupees in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| in respect of depreciation | (10.70) | (6.86) |
| in respect of employee benefits | 6.39 | 5.34 |
| in respect of provision for doubtful debts / advances | 2.41 | - |
| Net deferred tax (liability) / asset | (1.90) | (1.52) |

Note:

- The Company has not recognised any deferred tax asset against provision created for diminution in value of investments in absence of virtual certainty of future taxable capital gains against which the diminution could be offset
- Deferred tax assets aggregating Rs. 41.80 Million (as at 31st March, 2009 Rs. 71.02 Million) which have been directly adjusted against Foreign Currency Translation Reserves recognised in respect of the Company's receivables which are regarded as an extension to the Company's net investments in foreign entities have not been included above

6. Intangible assets and amortisation

During the year 2006-07, the Company incurred a cost of Rs. 60.00 Million for acquiring commercial rights under the "Operations and Maintenance" agreement ("O&M contract") for one of the road projects from the erstwhile contractor. Under the terms of the O&M contract, the Company is entitled to routine maintenance price and the operation price for maintaining and operating the project. The Company expects benefits under the O&M contract to accrue until the end of the concession period which is not expected to be earlier than

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12th May, 2029. Accordingly, the expenditure incurred by the Company for acquisition of the rights is treated as an intangible asset and is being amortised on a straight line basis over the minimum balance period of the concession i.e. 22 years and 7 months (from the date of acquisition of the said commercial rights)

7. Movements in investments

a. Unquoted equity shares purchased and retained as at the year end

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|---|---------------------|---------------|---------------------|---------------|
| | Face Value (Rupees) | No. of Shares | Face Value (Rupees) | No. of Shares |
| North Karnataka Expressway Limited | - | - | 10 | 30 |
| East Hyderabad Expressway Limited | - | - | 10 | 50 |
| Hazaribagh Ranchi Expressway Limited | 10 | 37,000 | - | - |
| Andhra Pradesh Expressway Limited | - | - | 10 | 60 |
| ITNL Road Infrastructure Development Company Limited | - | - | 10 | 39,950,060 |
| ITNL International Pte. Limited. (Nominal value US\$ 1) | - | 23,050,000 | - | 5,000,001 |
| Pune Sholapur Road Development Company Limited | 10 | 50,000 | - | - |
| Elsamex S.A. (Nominal value Euro 60.1021) | - | 25,094 | - | 235,855 |
| Vansh Nimay Infraprojects Limited (Formerly known as Vansh Nimay Infraprojects Private Limited) | - | - | 10 | 8,000,000 |
| West Gujarat Expressway Limited | - | - | 10 | 60 |
| ITNL Enso Rail Systems Limited | 10 | 11,125,000 | 10 | 2,875,000 |
| Moradabad Bareilly Expressway Limited | 10 | 49,940 | - | - |
| Jharkhand Road Implementation Company Limited | 10 | 119,915,000 | - | - |
| Warora Chandrapur Balarpur Toll Road Company Limited | 10 | 17,490 | - | - |
| Narketpalli Addanki Expressway Limited | 10 | 24,970 | - | - |

b. Units purchased and retained as at the year end

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|----------------------------|---------------------|--------------|---------------------|--------------|
| | Face Value (Rupees) | No. of Units | Face Value (Rupees) | No. of Units |
| ITNL Road Investment Trust | 1,000 | 221 | 1,000 | 254 |

c. Covered Warrants purchased and retained as at the year end (also see note no. 9 below)

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|--|---------------------|-------------------|---------------------|-------------------|
| | Face Value (Rupees) | No. of Debentures | Face Value (Rupees) | No. of Debentures |
| IL&FS (underlying equity shares of Road Infrastructure Development Company of Rajasthan Limited) | - | - | 10 | 25,000,000 |

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- d. Redeemable Optionally Convertible Cumulative Preference Shares purchased and retained as at the year end (Refer note no. 10)

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|---------------------------------|---------------------|---------------|---------------------|-------------------|
| | Face Value (Rupees) | No. of Shares | Face Value (Rupees) | No. of Debentures |
| West Gujarat Expressway Limited | 10 | 10,200,000 | - | - |

- e. Equity shares sold during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|---|---------------------|---------------|---------------------|---------------|
| | Face Value (Rupees) | No. of Shares | Face Value (Rupees) | No. of Shares |
| ILFS Maritime Offshore Pte. Limited. (Nominal value US\$ 1) | - | - | - | 5,000,000 |
| Kohinoor CTNL Infrastructure Company Limited | - | - | 10 | 23,199,950 |
| Tamil Nadu Road Development Company Limited | 10 | 4,900,019 | - | - |

- f. Equity shares acquired & sold during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|--------------------------------------|---------------------|---------------|---------------------|---------------|
| | Face Value (Rupees) | No. of Shares | Face Value (Rupees) | No. of Shares |
| Hazaribagh Ranchi Expressway Limited | 10 | 13,000 | - | - |

- g. Non-Convertible Debentures sold during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Face Value (Rupees) | No. of Debentures | Face Value (Rupees) | No. of Debentures |
| Gujarat Road and Infrastructure Company Limited | - | - | 50,000 | 4,000 |

- h. Deep Discount Bonds sold during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Face Value (Rupees) | No. of Debentures | Face Value (Rupees) | No. of Debentures |
| Gujarat Road and Infrastructure Company Limited | - | - | 50,000 | 2,000 |

- i. Mutual Fund Investments purchased and sold during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|--------------------------------------|---------------------|----------------|---------------------|--------------|
| | Face Value (Rupees) | No. of Units | Face Value (Rupees) | No. of Units |
| Axis Liquid Fund | 1019.12 | 98,124.324 | - | - |
| Birla SunLife cash Plus | 14.72 | 13,584,003.478 | - | - |
| HDFC Liquid Fund | 18.45 | 8,130,389.771 | - | - |
| ICICI Prudential Liquid Plan Premium | 136.04 | 1,837,717.760 | - | - |
| JP Morgan India Liquid Fund | 11.89 | 16,819,160.388 | - | - |
| Kotak Liquid Fund | 18.66 | 10,719,549.779 | - | - |
| L&T Liquid Fund | 12.65 | 19,767,533.802 | - | - |
| Reliance Liquidity Fund | 13.86 | 18,040,381.590 | - | - |
| Religare Liquid Fund | 12.63 | 15,829,296.863 | - | - |
| DWS Insta Cash Plus Fund | 11.94 | 8,376,963.351 | - | - |
| JM High Liquidity Fund | 14.40 | 6,946,663.518 | - | - |
| LICMF Liquid Fund | 16.86 | 14,827,819.362 | - | - |
| S232 SBNPP Money Fund | 19.38 | 7,738,021.543 | - | - |

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j. Mutual Fund Investments purchased and retained during the year

| Name of the Company | March 31, 2010 | | March 31, 2009 | |
|--|------------------------|-----------------------|------------------------|--------------|
| | Face Value (Rupees) | No. of Units | Face Value (Rupees) | No. of Units |
| Axis Treasury Advantage Fund | 1,000.00 | 100,024.293 | - | - |
| Birla SunLife Saving Fund | 10.01 | 19,993,332.799 | - | - |
| HDFC Cash Management Fund | 10.03 | 14,957,526.956 | - | - |
| ICICI Prudential Flexible Income Plan Premium | 105.73 | 2,365,072.916 | - | - |
| JM Morgan India Treasury Fund | 10.01 | 19,987,792.787 | - | - |
| Kotak Flexi Debt Scheme Institutional | 10.05 | 19,910,711.676 | - | - |
| L & T Freedom Income STP Inst | 10.16 | 24,624,948.743 | - | - |
| Reliance Money Manager Fund- Institutional Option | 1,001.26 | 249,749.128 | - | - |
| Religare Ultra Short Term Fund | 10.02 | 19,974,771.461 | - | - |
| DWS Ultra Short Term Fund | 10.02 | 9,985,026.526 | - | - |
| JM Money Manager Fund Super Plus Plan | 10.01 | 9,997,274.942 | - | - |
| LICMF Savings Plus Fund | 10.00 | 25,007,765.514 | - | - |
| S252 SBNPP Ultra ST Fund | 10.04 | 14,948,925.264 | - | - |
| SBI Magnum Insta Fund | 16.75 | 5,971,329.052 | - | - |

8. The Company has pledged 171,959 equity shares representing 51% of the overall shareholding in Elsamex S.A., in favour of certain lenders for a Term Loan facility availed by Elsamex S.A.
9. The Company's investment in "Covered Warrants" aggregating to Rs. 500 Million (previous year Rs. 500 Million) issued by Infrastructure Leasing & Financial Services ("IL&FS") are variable interest debt instruments under which the holder is entitled to a proportionate share of the dividend, if any, declared by Road Infrastructure Development Company of Rajasthan Limited ("RIDCOR") on 50 Million (previous year Rs. 50 Million) equity shares of Rs. 10 each held by IL&FS and on any further rights, entitlements and bonus declarations in respect thereof. However, the Company is not entitled to rights and privileges, which IL&FS enjoys as a shareholder. The instrument is unsecured and the principal amount is redeemable at par not later than a period of 35 years from the date of issue (i.e. by March 15, 2042). The Company's investment in the said "Covered Warrants" is included in the schedule of Investments
10. The Company's investment in redeemable optionally convertible cumulative preference shares of West Gujarat Expressway Limited ("WGEL") are convertible, at the option of the investor, into 1 equity share and carry a coupon of 2% per annum, accrued annually in arrears ("Coupon"). An additional coupon consisting of 95% of the balance distributable profits, that may be available with WGEL after it has met all other obligations, would accrue on the said preference shares ("Additional Coupon")

The Coupon and the Additional Coupon are payable annually only if WGEL has surplus cash after servicing its lenders and meeting plough back requirements towards capital expenditure as may be decided by its board of directors. The unpaid Coupon would annually be cumulated. The unpaid additional coupon would be accumulated in a year in which there are distributable profits, which are not distributed. The unpaid coupon and unpaid additional coupon carry a special coupon at 10% per annum compounded with annual rests and shall accrue as special coupon to the Investor in addition to the Coupon and Additional Coupon ("Special Coupon")

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11. Amounts due from companies under the same management:

a. Included in Sundry Debtors:

| Name of the Company | Rupees in Million | |
|--|-------------------|----------------|
| | March 31, 2010 | March 31, 2009 |
| Andhra Pradesh Expressway Limited | 109.19 | 60.64 |
| West Gujarat Expressway Limited | 147.08 | 125.76 |
| IL&FS Waste Management and Urban Service Limited | 11.15 | 11.15 |

b. Included in advances recoverable in cash or in kind or for value to be received

| Name of the Company | Rupees in Million | | | |
|--|-------------------|--|----------------|--|
| | March 31, 2010 | | March 31, 2009 | |
| | Amount | Maximum amount outstanding during the year | Amount | Maximum amount outstanding during the year |
| Andhra Pradesh Expressway Limited | 21.10 | 21.10 | 6.90 | 8.44 |
| West Gujarat Expressway Limited | 66.63 | 66.63 | 60.57 | 61.07 |
| Gorakhpur Expressway Limited | - | 0.01 | - | 0.01 |
| Chhattisgarh Highway Development Company Limited | 1.81 | 2.03 | 0.32 | 13.89 |
| IL&FS Maritime Infrastructure Company Limited | 1.66 | 7.52 | 1.83 | 6.63 |
| IL&FS Investment Managers Limited | - | 0.19 | 0.01 | 0.01 |
| IL&FS Ecosmart Limited | - | 0.03 | 0.03 | 0.03 |
| IL&FS Water Limited | - | 0.04 | 0.03 | 0.03 |
| IL&FS Cluster Development Initiative Ltd. | - | 0.03 | 0.01 | 0.02 |
| IL&FS Infrastructure Development Corp.Ltd. | 0.04 | 0.04 | 0.04 | 0.05 |
| Urban Mass Transit Co Ltd | 0.01 | 0.01 | 0.01 | 0.01 |
| Tamilnadu Water Investment Co. Ltd. | 0.01 | 0.01 | 0.01 | 0.02 |
| Road Infrastructure Development Company of Rajasthan Limited | - | 0.10 | 0.01 | 0.83 |
| IL&FS Energy Development Co. Ltd. | - | 0.01 | 0.01 | 0.30 |
| Jharkhand Accelerated Road Development Co. Ltd | - | 1.08 | 0.81 | 0.91 |
| Gujarat International Finance Tec-City Co. Ltd. | - | 0.10 | - | - |
| IL&FS Technologies Ltd. | 0.01 | 0.20 | - | - |

12. Derivatives and foreign currency exposures:

- a. The Company as a part of its strategic initiatives to consolidate/restructure its investments in surface transport sector, has made direct investments in certain special purpose entities ("SPE"s) engaged in that sector and also invested in units of a scheme of ITNL Road Investment Trust (the "Scheme") which in turn has made investments in such SPEs. Amounts invested include derivative instruments in the form of call options

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The amounts outstanding as at 31st March, 2010 in respect of derivative transactions are summarised below:

| Category | No. of instruments | Rupees in Million | |
|---|--------------------|---------------------------|------------------------|
| | | Call option premium | Exercise price payable |
| Call options written for sale of equity shares to the Scheme as aforesaid | 3 (3) | 227.44 (227.44) | 9.08 (9.08) |
| Call option for equity shares in an SPE bought | 1 (1) | 1.25 (1.25) | 1.25 (1.25) |
| Call option for redeemable optionally convertible cumulative preference shares in an SPE bought | - (1) | - (188.70) | - (10.20) |

Note :- Figures in brackets relate to previous year

Premium received by the Company towards call option sold by it have been aggregated under the head "Option Premium Liabilities" classified as a part of "Current Liabilities". Conversely, premiums paid by the Company towards call options purchased by it have been aggregated under the head "Option Premium Assets" and classified as a part of "Other Current Assets". During the year, the Company exercised its rights under the call option in respect of redeemable optionally convertible preference shares in an SPE, at an exercise price of Rs. 10.20 Million (see note no.7.d above). Options in respect of "Option Premium Liabilities" amounting Rs. 39.22 Million and options in respect of "Option Premium Assets" amounting Rs. 1.25 Million are to be exercised after a period of 12 months from the period end

The underlying instruments in respect of the options are unquoted and the Company intends to exercise the option, as these transactions have been entered into for strategic reasons. No losses have been identified in respect of the above derivatives necessitating a charge to the Profit and Loss Account. The aggregate exercise price payable is included as part of the Company's capital commitments (Refer note no. 2)

b. Foreign currency exposures

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

i. Amounts receivable/Investments in foreign currency on account of the following

| Particulars | March 31, 2010 | | March 31, 2009 | |
|---|------------------------------------|--------------------------------------|--------------------|-----------------------------|
| | Rupees in Million | Foreign currency in Million | Rupees in Million | Foreign currency in Million |
| Loan to a subsidiary company | - | - | 2,369.18 | USD 46.50 |
| Advance towards equity in a subsidiary company. | 0.02 | EUR 0.00 | 0.01 | EUR 0.00 |
| Investments in subsidiary companies | 1,340.15 2,722.34 | USD 28.05 EUR 41.59 | 232.29 2,445.85 | USD 5.00 EUR 37.59 |
| Interest accrued and due from a subsidiary | - | - | 83.45 5.97 | USD 1.64 EUR 0.09 |
| Receivable from a subsidiary | 121.12 | EUR 2.00 | - | - |

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ii. Amounts payable in foreign currency on account of the following

| Particulars | As at 31st March 2010 | | As at 31st March 2009 | |
|--|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Rupees in Million | Foreign currency in Million | Rupees in Million | Foreign currency in Million |
| Legal and Consultation fees | 9.91 | EUR 0.16 | 0.30 | LKR 0.67 |
| | | | 26.90 | USD 0.53 |
| Payable to a subsidiary for purchase of capital item | - | - | 236.18 | EUR 3.50 |
| Initial Public Offer expenses payable | 12.34 | USD 0.27 | - | - |

Note: USD = US Dollar; EUR = Euro; LKR = Lankan rupee

13. As required under the restructuring package of Gujarat Road and Infrastructure Company Limited (GRICL), approved by the Corporate Debt Restructuring Cell on 17th June 2004, the Company as one of the promoters of GRICL advanced Rs. 600.00 Million towards Preference Share Capital. Out of the above advance, Rs. 150.00 Million was to be applied against issue of 1% Non Cumulative Convertible Preference Shares and Rs. 450.00 Million against issue of 8% Redeemable Convertible Preference Shares. GRICL proposes to convert this advance into subordinated debt. Pending completion of the process for the conversion, the Company has classified the amount as "Advance towards Share Application Money"

14. According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given

15. Employee cost

| | Rupees in Million | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Salaries | 270.83 | 141.15 |
| Contribution to provident and other funds | 13.97 | 18.55 |
| Staff welfare expenses | 16.47 | 13.35 |
| Deputation Cost | 24.16 | 20.12 |
| Total | 325.43 | 193.17 |

Employee cost is net of salaries of Rs. 61.95 Million (Previous year Rs. 66.24 Million), and contribution to provident and other funds of Rs. 5.21 Million (Previous year Rs. 4.12 Million) towards amounts recovered / recoverable in respect of staff on deputation with other entities

16. Employee benefit obligations

Defined-Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund and pension fund, the contribution to superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary

A sum of Rs. 12.97 Million (Previous year: Rs. 9.86 Million) has been charged to the Profit and Loss account in this respect

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Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service rendered and the employee's eligible compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. In the case of the gratuity scheme, the Company contributes funds to the Life Insurance Corporation of India which administers the scheme on behalf of the Company. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account

The net value of the defined-benefit commitment is detailed below:

| Particulars | Rupees in Million | |
|---|----------------------------|----------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Present Value of Commitments | 22.98 | 18.19 |
| Fair Value of Plans | (29.07) | (22.34) |
| Prepaid amount taken to the balance sheet | (6.09) | (4.15) |

| Defined benefit commitments: Gratuity | Rupees in Million | |
|---------------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Opening balance | 18.19 | 19.48 |
| Interest costs | 1.36 | 1.02 |
| Current Service Cost | 5.99 | 5.46 |
| Benefits paid | (1.37) | (11.79) |
| Actuarial (gain) / loss | (1.19) | 4.02 |
| Closing balance | 22.98 | 18.19 |

| Plan assets: Gratuity | Rupees in Million | |
|--------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Opening balance | 22.34 | 21.14 |
| Expected return on plan assets | 2.06 | 1.74 |
| Contributions by the Company | 2.94 | 12.48 |
| Benefits paid | (1.37) | (11.79) |
| Actuarial gain / (loss) | 3.10 | (1.23) |
| Fair value of plan assets | 29.07 | 22.34 |

The plan assets are managed by the Life Insurance Corporation of India, and the Company does not have details as to the investment pattern

| Return on plan assets: Gratuity | Rupees in Million | |
|---------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Expected return on plan assets | 2.06 | 1.74 |
| Actuarial gain / (loss) | 3.10 | (1.23) |
| Actual return on plan assets | 5.16 | 0.51 |

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Expenses on defined benefit plan recognised in the Profit and Loss Account:

| | Rupees in Million | |
|---------------------------------------|--|------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Current service costs | 5.99 | 5.46 |
| Interest expense | 1.36 | 1.02 |
| Expected return on investment | (2.06) | (1.74) |
| Net actuarial (gain) / loss | (4.29) | 5.24 |
| Expenditure before reimbursements | 1.00 | 9.98 |
| Less: Reimbursement Received | - | (1.29) |
| Charge to the profit and loss account | 1.00 | 8.69 |

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------------------|--|------------------------------|
| Rate for discounting liabilities | 7.75% | 7.50% |
| Expected salary increase rate | 4.50% | 4.00% |
| Expected return on scheme assets | 8.00% | 8.00% |
| Attrition rate | 2.00% | 2.00% |
| Mortality table used | LIC (1994-96) Ultimate Table | |

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the current year and previous three annual periods are given below:

| | Rupees in Million | | | |
|---|-------------------------------------|----------------------------|----------------------------|----------------------------|
| Gratuity (Funded Plan) | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2008 | As at March 31, 2007 |
| Defined benefit obligations | 22.98 | 18.19 | 19.48 | 3.45 |
| Plan Assets | 29.07 | 22.34 | 21.14 | 7.63 |
| Unfunded liability transferred from Group Company | - | - | 0.08 | - |
| (Surplus) / Deficit | (6.09) | (4.15) | (1.58) | (4.18) |
| Experience adjustments on plan liabilities | (0.85) | 6.54 | 8.91 | 0.60 |
| Experience adjustments on plan assets | 3.10 | (1.23) | (0.95) | 0.08 |

The contributions expected to be made by the Company during the financial year 2010-11 is Nil

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17. Disclosure in respect of Construction Contracts

| Particulars | Rupees in Million | |
|---|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Contract revenue recognised as revenue during the year | 1,172.23 | - |
| Aggregate amount of Contract Costs incurred and recognised profits up to reporting date | 1,172.23 | - |
| Advances received as at | 3,055.68 | - |
| Retention Money as at | 23.25 | - |
| Gross amount due from customers for contract work, disclosed as asset, as at | 428.14 | - |
| Gross amount due to customers for contract work, disclosed as liability, as at | - | - |

18. Managerial remuneration:

Details of managerial remuneration are as follows:

| Particulars | Rupees in Million | |
|---|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Salary & Allowances | 9.61 | 4.51 |
| Deputation Cost | 16.74 | 10.09 |
| Contribution to Provident and other funds | 1.35 | 0.92 |
| Perquisites | 7.48 | 4.61 |
| Total | 35.18 | 20.13 |

Of the above, Rs. 2.62 Million (Previous Year Rs. 2.57 Million) has been recovered from other entities. The managerial remuneration for the period does not include contribution to the gratuity fund as these amounts are actuarially determined for the Company as a whole and separate figure relating to the managerial personnel are not available

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 in respect of remuneration payable to managerial personnel

| Particulars | Rupees in Million | |
|--|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Profit before tax | 4,971.27 | 700.23 |
| Add: Loss on sale of fixed assets | 1.19 | 0.09 |
| Add: Managerial Remuneration | 32.56 | 17.56 |
| Less: Profit on sale of fixed / capital assets | 93.10 | 154.72 |
| Net profit as per section 198 | 4,911.92 | 563.16 |
| Managerial remuneration @ 10% of net profit | 491.19 | 56.32 |
| Restricted to | 32.56 | 17.56 |

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19. Miscellaneous expenses:

Miscellaneous expenses in Schedule K - "Administration and General Expenses" include the following:

| Particulars | Rupees in Million | |
|---|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Payment to Auditors (Refer Notes below) | | |
| For Audit Fees | 3.25 | 2.55 |
| For Tax Audit Fees | 0.10 | 0.10 |
| For Other Services (assurance) | 7.49 | 5.05 |
| For Out of Pocket Expenses | 0.04 | 0.05 |
| Loss on sale of fixed assets | 1.19 | 0.01 |
| Donation | 0.25 | - |

Notes

1. Service tax which is being claimed for set off as input credit has not been included in the expenditure for other services above
2. In addition an amount of Rs. 10.30 Million in respect of assurance services availed for the proposed Initial Public Offering ("IPO") has been offset against Securities Premium Account as a part of Share Issue Expenses

20. Expenditure in foreign currency

| Particulars | Rupees in Million | |
|---------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Foreign Travel | 77.43 | 20.85 |
| Legal and consultation Fees | 792.11 | 138.18 |
| Seminar and conference expenses | 0.66 | 0.08 |
| Others | 28.76 | 0.98 |
| Purchase of lab instruments | 1.87 | - |
| Share issue expenses | 12.34 | - |
| Purchase of software | - | 236.18 |

21. Remittance in foreign currency on account of dividends

| Particulars | Rupees in Million | |
|-------------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Year to which it relates | 2008-09 | 2007-08 |
| Number of non resident shareholders | 2 | 2 |
| Number of shares of Rs.10/- each. | 12,846,819 | 12,846,819 |
| Amount remitted (Rupees in Million) | 16.06 | 24.99 |

22. The Company holds certain properties under a non-cancellable operating lease. The Company's future lease rentals under the operating lease arrangements as at the period/year end are as under

| Future Lease rentals | Rupees in Million | |
|--|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Within one year | 51.40 | 8.66 |
| Over one year but less than 5 years | 95.47 | - |
| More than 5 years | 8.24 | - |
| Amount charged to the Profit and Loss Account for rent | 29.15 | 34.63 |

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The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to Company to renew the lease or purchase the properties. The agreements provide for changes in the rentals if the taxes leviable on such rentals change

23. Quantitative information

Traded products

| Item | Unit of measure | Opening Stock | | Purchases | | Sales | | Closing Stock | |
|---------|-----------------|---------------|------------------|-----------|-----------------|----------|------------------|---------------|------------------|
| | | Quantity | Rs. (in Million) | Quantity | Rs.(in Million) | Quantity | Rs. (in Million) | Quantity | Rs. (in Million) |
| Cement | Metric Tons | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - |
| Steel | Metric Tons | - | - | - | - | - | - | - | - |
| | | - | - | (24) | (0.69) | (24) | (0.72) | - | - |
| Diesel | Litres | - | - | - | - | - | - | - | - |
| | | - | - | 8 | 0.29 | 8 | 0.24 | - | - |
| Bitumen | Metric Tons | - | - | - | - | - | - | - | - |
| | | - | - | 331 | 7.42 | 331 | 7.61 | - | - |
| Total | | - | - | - | - | - | - | - | - |
| | | - | - | - | 7.02 | - | 7.14 | - | - |

Note: Figures in italics relate to the previous year

24. During the year, North Karnataka Expressway Limited ("NKEI") converted its advance towards capital amounting to Rs. 450 Million into a short term loan. As this conversion did not involve any cash or cash equivalents, it has not been reflected in the Cash Flow Statement
25. The sum of Rs. 236.18 Million payable to vendors of certain fixed assets as at March 31, 2009, was excluded from the Cash Flow Statement for the year ended March 31, 2009. This sum has been paid during the year and has been included as a part of "Cash Flows from Investing Activities" in the Cash Flow Statement for the year

SCHEDULES

forming part of the Financial Statements

26. Related Party Disclosures

Current Year

(a) Name of Related Parties and Description of Relationship

| Nature of Relationship | Name of the Entity | Acronym used |
|-------------------------|--|--------------|
| Holding Company | Infrastructure Leasing & Financial Services Limited | IL&FS |
| Subsidiaries - Direct | East Hyderabad Expressway Limited | EHEL |
| | Elsamex S.A. | ELSA |
| | Gujarat Road and Infrastructure Company Limited | GRICL |
| | Hazaribagh Ranchi Expressway Limited | HREL |
| | ITNL Enso Rail Systems Limited | IERSL |
| | ITNL International Pte Limited, Singapore | I IPL |
| | ITNL Road Infrastructure Development Company Limited (erstwhile ITNL Chhattisgarh Road Infrastructure Company Limited) | IRIDCL |
| | Jharkhand Road Projects Implementation Company Limited | JRPICL |
| | Moradabad Bareilly Expressway Limited | MBEL |
| | Pune Sholapur Road Development Company Limited | PSRDCL |
| | Vansh Nimay Infraprojects Limited | VNIL |
| | West Gujarat Expressway Limited | WGEL |
| Subsidiaries - Indirect | North Karnataka Expressway Limited | NKEL |
| | Elsamex Internacional, SRL | EISRL |
| | Grusamar Ingenieria Y Consulting, SL | GIC |
| | Sánchez Marcos Señalización e Imagen, S.A | SMIS |
| | Proyectos De Gestion Sistemas Calculo Y Analisis S.A | PDGSCA |
| | Elsamex India Private Limited | ELSAIND |
| | Inversiones Tyndrum S.A | ITSA |
| | Centro De Investigacion Elpidio Sanchez Marcos S.A. | CDIESM |
| | Control 7, S. A | Control 7 |
| | Geotecnia 7, S.A | Geotecnia 7 |
| | Mantenimiento Y Conservacion De Vialidades, DE C.V | MYCDV |
| | ESM Mantenimiento Integral DE S.A DE C.V | ESMMI |
| | Elsamex Portugal S.A | EPSA |
| | Inteval-Gestao Integral Rodoviaria S.A | IGIRSA |
| | Grusamar Albania SHPK | GASHPK |
| | Atenea Seguridad Y Medico Ambiente SA | ASYMASA |
| | Ecoasphalt Construction Company Private Limited | ECCPL |
| | Proyectos Y Promociones Inmobiliarias Sanchez Marcos SL | PYPISMSL |
| | Instituto Tecnico De La Vialidad Y Del Transporte, S.A. | ITDLVYDTSA |
| | Senalizacion Viales E Imagen, SA | SVEISA |
| | Yala Construction Company Private Limited | YCCL |
| | Rapid Metro Rail Gurgaon Limited | RMRGL |

SCHEDULES

forming part of the Financial Statements

| Nature of Relationship | Name of the Entity | Acronym used |
|--|---|--------------|
| Fellow Subsidiaries | IL&FS Financial Services Limited | IFIN |
| | IL&FS Infrastructure Development Corpn Limited | IIDCL |
| | IL&FS Maritime Infrastructure Co Limited | IMICL |
| | IL&FS Water Limited | IWL |
| | IL&FS Securities Services Limited | ISSL |
| | IL&FS Waste Management & Urban Service Limited | IWMUSL |
| | Chhattisgarh Highway Development Co Limited | CHDCL |
| | Jharkhand Accelerated Road Development Co Ltd | JARDCL |
| | IL&FS Property Management & Services Limited | IPMSL |
| | Tamil Nadu Water Investment Co Limited | TWICL |
| | IL&FS Renewable Energy Limited | IREL |
| | IL&FS Cluster Development Initiative Limited | ICDIL |
| | IL&FS Education & Technology Services Limited | IETS |
| | IL&FS Urban Infrastructure Services Ltd | IUISL |
| Associate - Direct | Andhra Pradesh Expressway Limited | APEL |
| | ITNL Toll Management Services Limited. | ITMSL |
| | Marketpally Addanki Expressway Limited | NAEL |
| | Thiruvananthapuram Road Development Company Limited | TRDCL |
| | Warora Chandrapur Ballarpur Tollroad Limited | WCBTL |
| Joint Venture | Noida Toll Bridge Company Limited | NTBCL |
| Other Enterprise over which ITNL has control | ITNL Road Investment Trust | IRIT |
| Key Management Personnel | Mr K Ramchand Managing Director | |
| | Mr Mukund Sapre Executive Director | |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above)

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|-------------------------------------|-----------------|-----------------|---------------------|---------------|---------------|--|--------------------------|-----------------|
| Balances | | | | | | | | |
| Advance towards capital | - | - | - | - | - | - | - | 600.00 |
| GRICL | - | 600.00 | - | - | - | - | - | 600.00 |
| Advance Towards Investments | | | | | | | | |
| HREL | - | 654.50 | - | - | - | - | - | 654.50 |
| MBEL | - | 2,216.10 | - | - | - | - | - | 2,216.10 |
| PSRDCL | - | 1,599.50 | - | - | - | - | - | 1,599.50 |
| Others | - | 474.53 | - | 40.30 | - | - | - | 514.83 |
| | - | 4,944.63 | - | 40.30 | - | - | - | 4,984.93 |
| Debtors | | | | | | | | |
| HREL | - | 952.84 | - | - | - | - | - | 952.84 |
| JRPICL | - | 555.27 | - | - | - | - | - | 555.27 |
| MBEL | - | 935.60 | - | - | - | - | - | 935.60 |
| PSRDCL | - | 1,169.37 | - | - | - | - | - | 1,169.37 |
| Others | - | 949.27 | 11.17 | 162.98 | - | - | - | 1,123.42 |
| | - | 4,562.34 | 11.17 | 162.98 | - | - | - | 4,736.50 |
| Interest Accrued but not due | | | | | | | | |
| APEL | - | - | - | 168.51 | - | - | - | 168.51 |
| Others | - | 25.54 | - | - | - | - | - | 25.54 |
| | - | 25.54 | - | 168.51 | - | - | - | 194.04 |
| Interest Free Deposit | | | | | | | | |
| NKEL | - | 750.00 | - | - | - | - | - | 750.00 |
| | - | 750.00 | - | - | - | - | - | 750.00 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|-----------------------------------|-----------------|-----------------|---------------------|-----------------|-----------------|--|--------------------------|------------------|
| Investment | | | | | | | | |
| ELSA | - | 2,722.34 | - | - | - | - | - | 2,722.34 |
| IPL | - | 1,340.15 | - | - | - | - | - | 1,340.15 |
| JRPICL | - | 1,199.15 | - | - | - | - | - | 1,199.15 |
| NTBCL | - | - | - | - | 1,871.58 | - | - | 1,871.58 |
| IRIT | | | | | | | | |
| Others | 500.00 | 1,530.21 | - | 296.05 | - | 1,031.32 | - | 3,357.58 |
| | 500.00 | 6,791.84 | - | 296.05 | 1,871.58 | 1,031.32 | - | 10,490.80 |
| Loan Given | | | | | | | | |
| GRICL | - | 308.80 | - | - | - | - | - | 308.80 |
| APEL | - | - | - | 1,304.60 | - | - | - | 1,304.60 |
| Others | - | 308.39 | - | - | - | - | - | 308.39 |
| | - | 617.19 | - | 1,304.60 | - | - | - | 1,921.79 |
| Mobilisation Advance | | | | | | | | |
| HREL | - | 161.80 | - | - | - | - | - | 161.80 |
| IRIDCL | - | 319.23 | - | - | - | - | - | 319.23 |
| PSRDCL | - | 438.45 | - | - | - | - | - | 438.45 |
| | - | 919.48 | - | - | - | - | - | 919.48 |
| Option premium liability | | | | | | | | |
| IRIT | - | - | - | - | - | 227.44 | - | 227.44 |
| | - | - | - | - | - | 227.44 | - | 227.44 |
| Payable on Current Account | | | | | | | | |
| IL & FS | 20.63 | - | - | - | - | - | - | 20.63 |
| IETS | - | - | 42.93 | - | - | - | - | 42.93 |
| Others | - | 3.25 | 2.09 | - | 0.18 | - | - | 5.51 |
| | 20.63 | 3.25 | 45.02 | - | 0.18 | - | - | 69.07 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|--|-----------------|-----------------|---------------------|---------------|---------------|--|--------------------------|-----------------|
| Receivable on Current Account | | | | | | | | |
| Elsa | - | 105.25 | - | - | - | - | - | 105.25 |
| WGEL | - | 66.63 | - | - | - | - | - | 66.63 |
| Others | - | 26.26 | 3.97 | 21.10 | - | - | - | 51.33 |
| | - | 198.14 | 3.97 | 21.10 | - | - | - | 223.21 |
| Retention Money | | | | | | | | |
| IRIDCL | - | 23.25 | - | - | - | - | - | 23.25 |
| | - | 23.25 | - | - | - | - | - | 23.25 |
| Optionally Convertible Debentures | | | | | | | | |
| APEL | - | - | - | 786.40 | - | - | - | 786.40 |
| | - | - | - | 786.40 | - | - | - | 786.40 |
| Equity option premium | | | | | | | | |
| IL & FS | 1.25 | - | - | - | - | - | - | 1.25 |
| | 1.25 | - | - | - | - | - | - | 1.25 |
| Advance Towards Construction | | | | | | | | |
| MBEL | - | 1,980.00 | - | - | - | - | - | 1,980.00 |
| | - | 1,980.00 | - | - | - | - | - | 1,980.00 |
| Investment in Preference Shares | | | | | | | | |
| WGEL | - | 296.90 | - | - | - | - | - | 296.90 |
| | - | 296.90 | - | - | - | - | - | 296.90 |
| Transactions | | | | | | | | |
| Advance Towards Investments made | | | | | | | | |
| HREL | - | 655.00 | - | - | - | - | - | 655.00 |
| JRPICL | - | 1,261.65 | - | - | - | - | - | 1,261.65 |
| MBEL | - | 2,216.60 | - | - | - | - | - | 2,216.60 |
| PSDRCL | - | 1,600.00 | - | - | - | - | - | 1,600.00 |
| Others | - | 378.76 | - | 0.42 | - | - | - | 379.19 |
| | - | 6,112.01 | - | 0.42 | - | - | - | 6,112.44 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|---|------------------|---------------|---------------------|---------------|---------------|--|--------------------------|------------------|
| Deputation cost Incurred | | | | | | | | |
| IL & FS | 24.16 | - | - | - | - | - | - | 24.16 |
| | 24.16 | - | - | - | - | - | - | 24.16 |
| Deputation Cost Recovered | | | | | | | | |
| APEL | - | - | - | 14.55 | - | - | - | 14.55 |
| EHEL | - | 16.97 | - | - | - | - | - | 16.97 |
| GRICL | - | 9.89 | - | - | - | - | - | 9.89 |
| WGEL | - | 6.69 | - | - | - | - | - | 6.69 |
| Others | - | 7.42 | 6.44 | - | - | - | - | 13.86 |
| | - | 40.97 | 6.44 | 14.55 | - | - | - | 61.95 |
| Dividend payment | | | | | | | | |
| IL & FS | 168.75 | - | - | - | - | - | - | 168.75 |
| | 168.75 | - | - | - | - | - | - | 168.75 |
| Interest Expense- Short term loan | | | | | | | | |
| IL & FS | 175.39 | - | - | - | - | - | - | 175.39 |
| ISSL | - | - | 218.67 | - | - | - | - | 218.67 |
| Others | - | 43.19 | 27.16 | - | - | - | - | 70.35 |
| | 175.39 | 43.19 | 245.83 | - | - | - | - | 464.41 |
| Interest Income | | | | | | | | |
| GRICL | - | 38.82 | - | - | - | - | - | 38.82 |
| IPL | - | 57.28 | - | - | - | - | - | 57.28 |
| APEL | - | - | - | 131.89 | - | - | - | 131.89 |
| Others | 20.88 | 51.57 | - | 2.65 | - | - | - | 75.10 |
| | 20.88 | 147.67 | - | 134.54 | - | - | - | 303.09 |
| Investment in Call Money - Matured | | | | | | | | |
| IL & FS | 10,860.00 | - | - | - | - | - | - | 10,860.00 |
| | 10,860.00 | - | - | - | - | - | - | 10,860.00 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|-------------------------------|------------------|-----------------|---------------------|-----------------|---------------|--|--------------------------|------------------|
| Investment in Call Money made | | | | | | | | |
| IL & FS | 10,650.00 | - | - | - | - | - | - | 10,650.00 |
| | 10,650.00 | - | - | - | - | - | - | 10,650.00 |
| Investment made | | | | | | | | |
| ELSA | - | 276.49 | - | - | - | - | - | 276.49 |
| IPL | - | 1,107.86 | - | - | - | - | - | 1,107.86 |
| JRPICL | - | 1,199.15 | - | - | - | - | - | 1,199.15 |
| Others | - | 112.75 | - | 0.42 | - | 0.22 | - | 113.39 |
| | - | 2,696.25 | - | 0.42 | - | 0.22 | - | 2,696.90 |
| Investment Sold | | | | | | | | |
| HREL | - | 0.13 | - | - | - | - | - | 0.13 |
| | - | 0.13 | - | - | - | - | - | 0.13 |
| Loan Given | | | | | | | | |
| APEL | - | - | - | 1,104.60 | - | - | - | 1,104.60 |
| Others | - | 127.05 | - | - | - | - | - | 127.05 |
| | - | 127.05 | - | 1,104.60 | - | - | - | 1,231.65 |
| Loan Received Back | | | | | | | | |
| IPL | - | 2,369.18 | - | - | - | - | - | 2,369.18 |
| Others | - | 111.05 | - | 35.00 | - | - | - | 146.05 |
| | - | 2,480.23 | - | 35.00 | - | - | - | 2,515.23 |
| Loan Repaid | | | | | | | | |
| IL & FS | 4,150.00 | - | - | - | - | - | - | 4,150.00 |
| ISSL | - | - | 4,700.00 | - | - | - | - | 4,700.00 |
| Others | - | 1,750.00 | 860.00 | - | - | - | - | 2,610.00 |
| | 4,150.00 | 1,750.00 | 5,560.00 | - | - | - | - | 11,460.00 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|-------------------------------------|-----------------|-----------------|---------------------|---------------|---------------|--|--------------------------|------------------|
| Loan Taken | | | | | | | | |
| IL & FS | 3,000.00 | - | - | - | - | - | - | 3,000.00 |
| PSRDCL | - | 1,010.00 | - | - | - | - | - | 1,010.00 |
| ISSL | - | - | 4,700.00 | - | - | - | - | 4,700.00 |
| Others | - | 450.00 | 860.00 | - | - | - | - | 1,310.00 |
| | 3,000.00 | 1,460.00 | 5,560.00 | - | - | - | - | 10,020.00 |
| Mobilisation Advance | | | | | | | | |
| HREL | - | 161.80 | - | - | - | - | - | 161.80 |
| PSRDCL | - | 438.45 | - | - | - | - | - | 438.45 |
| | - | 600.25 | - | - | - | - | - | 600.25 |
| Provision for Doubtful Debts | | | | | | | | |
| NKEL | - | 4.00 | - | - | - | - | - | 4.00 |
| | - | 4.00 | - | - | - | - | - | 4.00 |
| Purchase of Assets | | | | | | | | |
| IETS | - | - | 4.98 | - | - | - | - | 4.98 |
| | - | - | 4.98 | - | - | - | - | 4.98 |
| Remuneration | | | | | | | | |
| Mr. K Ramchand | - | - | - | - | - | - | 23.47 | 23.47 |
| Mr. Mukund Sapre | - | - | - | - | - | - | 11.71 | 11.71 |
| | - | - | - | - | - | - | 35.18 | 35.18 |
| Services Rendered | | | | | | | | |
| HREL | - | 1,121.03 | - | - | - | - | - | 1,121.03 |
| IRIDCL | - | 1,172.23 | - | - | - | - | - | 1,172.23 |
| JRPICL | - | 1,617.09 | - | - | - | - | - | 1,617.09 |
| MBEL | - | 942.48 | - | - | - | - | - | 942.48 |
| PSRDCL | - | 2,005.56 | - | - | - | - | - | 2,005.56 |
| Others | - | 800.21 | 0.33 | 129.04 | - | - | - | 929.58 |
| | - | 7,658.59 | 0.33 | 129.04 | - | - | - | 7,787.96 |

SCHEDULES

forming part of the Financial Statements

(b) Transaction with above mentioned related parties (Mentioned in Note 26 (a) above) Contd.

Rupees in Million

| Heads | Holding Company | Subsidiaries | Fellow Subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Management Personnel | Grand Total |
|---|-----------------|-----------------|---------------------|-----------|---------------|--|--------------------------|-----------------|
| Services Received | | | | | | | | |
| IL & FS | 97.97 | - | - | | | | | 97.97 |
| ELSA | - | 758.34 | - | | | | | 758.34 |
| Others | - | - | 10.44 | | | | | 10.44 |
| | 97.97 | 758.34 | 10.44 | | | | | 866.75 |
| Training Material purchased | | | | | | | | |
| IETS | - | - | 30.62 | | | | | 30.62 |
| | - | - | 30.62 | | | | | 30.62 |
| Debt Syndication Fees | | | | | | | | |
| IFIN | - | - | 50.00 | | | | | 50.00 |
| | - | - | 50.00 | | | | | 50.00 |
| Investment made in Redeemable optionally Convertible Cumulative Preference Shares | | | | | | | | |
| IL&FS | 198.90 | - | - | | | | | 198.90 |
| | 198.90 | - | - | | | | | 198.90 |
| Advance Towards Construction | | | | | | | | |
| MBEL | - | 1,980.00 | - | | | | | 1,980.00 |
| | - | 1,980.00 | - | | | | | 1,980.00 |

SCHEDULES

forming part of the Financial Statements

Related Party disclosures

Previous Year

(c) Name of the Related Parties and Description of Relationship

| Nature of Relationship | Name of Entity | Acronym used |
|-------------------------|---|--------------|
| Holding Company | Infrastructure Leasing & Financial Services Limited | IL & FS |
| Subsidiaries - Direct | Gujarat Road and Infrastructure Company Limited | GRICL |
| | East Hyderabad Expressway Limited | EHEL |
| | ITNL Road Infrastructure Development Company Limited (erstwhile ITNL Chhattisgarh Road Infrastructure Company Limited) | IRIDCL |
| | Elsamex SA | ELSA |
| | Vansh Nirnay Infraprojects Private Limited (from March 25, 2009) | VNIPL |
| | ITNL International Pte Limited, Singapore | I IPL |
| | ITNL Enso Rail Systems Limited | IERSL |
| | IL&FS Maritime Offshore Pte Limited (upto September 28, 2008) | IMOPL |
| Subsidiaries - Indirect | North Karnataka Expressway Limited | NKEL |
| | Elsamex International, SRL | |
| | Grusamar Ingenieria Y Consulting, SL (Grusamar) | |
| | Sánchez Marcos Señalización e Imagen, S.A | |
| | Proyectos De Gestion Calculo Analysis Y Sistemas S.A | |
| | Elsamex India Private Limited | ELSAIND |
| | Inversiones Tyndrum S.A | |
| | Centro De Investigacion Elipido Sanchez Marcos S.A. | |
| | Control 7, S. A | |
| | Geotecnia 7, S.A | |
| | Mantenimiento Y Conservacion De Vialidades, S.A. DE C.V | |
| | ESM Mantenimiento Integral, S.A. DE C.V | |
| | Elsamex Portugal S.A | |
| | Intevial-Gestao Integral Rodoviaria S.A | |
| | Grusamar Albania SHPK | |
| | Atenea Seguridad Y Medico Ambieenete SA | |
| | Ecoasphalt Construction Company Private Limited | ECCPL |
| | Proyectos Y Promociones Inmobiliarias Sanchez Marcos SL | |
| | Instituto Tecnico De La Vialidad Y Del Transporte, S.A | |
| | Senalizacion Viales E Imagen, SA | |
| | Yala Construction Company Private Limited | YCCPL |

SCHEDULES

forming part of the Financial Statements

| Nature of Relationship | Name of Entity | Acronym used |
|--|---|-----------------------------------|
| Fellow Subsidiaries | IL&FS Energy Development Company Limited | IEDCL |
| | IL&FS Financial Services Limited | IFIN |
| | IL&FS Infrastructure Development Corporation Limited | IIDCL |
| | IL&FS Maritime Infrastructure Company Limited | IMICL |
| | IL&FS Water Limited | IWL |
| | IL&FS Property Management & Services Limited | IPMSL |
| | IL&FS Securities Services Limited | ISSL |
| | IL&FS Waste Management & Urban Service Limited | IWMUSL |
| | Chattisgarh Highways Development Company Limited | CHDCL |
| | Tamil Nadu Water Investment Company Limited | TWICL |
| | IL&FS Investment Managers Limited | IIML |
| | IL&FS Ecosmart Limited | IEIL |
| | IL&FS Urban Infrastructure Services Ltd | IUISL |
| | IL&FS Renewable Energy Limited | IREL |
| | IL&FS Education & Technology Services Limited | IETS |
| | IL&FS Urban Infrastructure Managers Limited | IUIML |
| | Jharkhand Accelerated Road Development Company Ltd | JARDCL |
| | IL&FS Maritime Offshore Pte Limited (upto September 28, 2008 was direct subsidiary and after that a Fellow Subsidiary) | IMOPL |
| | IL&FS Cluster Development Initiatives Company Limited | ICDICL |
| | Associates | Andhra Pradesh Expressway Limited |
| West Gujarat Expressway Limited | | WGEL |
| Thiruvananthpuram Road Development Company Limited | | TRDCL |
| Kohinoor CTNL Infrastructure Company Limited (upto September 25, 2008) | | KCTNL |
| ITNL Toll Management Services Limited | | ITMSL |
| Joint Venture | Tamil Nadu Road Development Company Limited | TNRDCL |
| | Noida Toll Bridge Company Limited | NTBCL |
| Other Enterprises over which ITNL has control | ITNL Road Investment Trust | IRIT |
| Key Management personnel | Mr K Ramchand-Managing Director (From August 13, 2008) | |
| | Mr Mukund Sapre-Executive Director (From August 13, 2008) | KMP |
| | Mr Ajay Menon-Manager (Upto August 14, 2008) | |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above)

Rupees in Million

| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Grand Total |
|----------------------------------|-----------------|-----------------|---------------------|---------------|---------------|--|-----------------------|-----------------|
| Balances | | | | | | | | |
| Advance towards capital | | | | | | | | |
| NKEL | - | 450.00 | - | - | - | - | - | 450.00 |
| | - | 450.00 | - | - | - | - | - | 450.00 |
| Advance Towards Investments | | | | | | | | |
| NKEL | - | 412.00 | - | - | - | - | - | 412.00 |
| GRICL | - | 600.00 | - | - | - | - | - | 600.00 |
| Others | - | 28.75 | - | 40.30 | - | - | - | 69.05 |
| | - | 1,040.76 | - | 40.30 | - | - | - | 1,081.06 |
| Advance Towards Investments made | | | | | | | | |
| IERSL | - | 37.20 | - | - | - | - | - | 37.20 |
| | - | 37.20 | - | - | - | - | - | 37.20 |
| Debtors | | | | | | | | |
| IRIDCL | - | 55.50 | - | - | - | - | - | 55.50 |
| APEL | - | - | - | 60.64 | - | - | - | 60.64 |
| TRDCL | - | - | - | 75.89 | - | - | - | 75.89 |
| WGEL | - | - | - | 125.76 | - | - | - | 125.76 |
| Others | 18.50 | 22.16 | 11.67 | - | - | - | - | 52.33 |
| | 18.50 | 77.66 | 11.67 | 262.29 | - | - | - | 370.12 |
| Interest Accrued but not due on | | | | | | | | |
| IIPL | - | 83.45 | - | - | - | - | - | 83.45 |
| APEL | - | - | - | 49.81 | - | - | - | 49.81 |
| Others | 0.12 | 11.32 | - | 7.17 | - | - | - | 18.62 |
| | 0.12 | 94.77 | - | 56.98 | - | - | - | 151.88 |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above) *Contd.*

| Rupees in Million | | | | | | | | | | |
|--|-----------------|-----------------|---------------------|-----------------|-----------------|--|-----------------------|-----------------|---|-----------------|
| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Grand Total | | |
| <i>Interest Free Deposit</i> | | | | | | | | | | |
| NKEL | - | 750.00 | - | - | - | - | - | 750.00 | - | 750.00 |
| | - | 750.00 | - | - | - | - | - | 750.00 | - | |
| <i>Interest Payable but not due on</i> | | | | | | | | | | |
| NKEL | - | 27.36 | - | - | - | - | - | 27.36 | - | 27.36 |
| | - | 27.36 | - | - | - | - | - | 27.36 | - | |
| <i>Investment</i> | | | | | | | | | | |
| ELSA | - | 2,445.85 | - | - | - | - | - | 2,445.85 | - | 2,445.85 |
| IRIT | - | - | - | - | - | 1,031.10 | - | 1,031.10 | - | 1,031.10 |
| APEL | - | - | - | 951.53 | - | - | - | 951.53 | - | 951.53 |
| NTBCL | - | - | - | - | 1,871.58 | - | - | 1,871.58 | - | 1,871.58 |
| Others | - | 1,551.88 | - | 326.49 | 53.90 | - | - | 1,932.27 | - | 1,932.27 |
| | - | 3,997.72 | - | 1,278.03 | 1,925.48 | 1,031.10 | - | 8,232.33 | - | 8,232.33 |
| <i>Investment in Call Money</i> | | | | | | | | | | |
| IL&FS | 210.00 | - | - | - | - | - | - | 210.00 | - | 210.00 |
| | 210.00 | - | - | - | - | - | - | 210.00 | - | |
| <i>Loans taken outstanding</i> | | | | | | | | | | |
| IL&FS | 1,150.00 | - | - | - | - | - | - | 1,150.00 | - | 1,150.00 |
| NKEL | - | 290.00 | - | - | - | - | - | 290.00 | - | 290.00 |
| | 1,150.00 | 290.00 | - | - | - | - | - | 1,440.00 | - | 1,440.00 |
| <i>Loans given outstanding</i> | | | | | | | | | | |
| IPL | - | 2,369.18 | - | - | - | - | - | 2,369.18 | - | 2,369.18 |
| Others | - | 566.19 | - | 270.00 | - | - | - | 836.19 | - | 836.19 |
| | - | 2,935.36 | - | 270.00 | - | - | - | 3,205.36 | - | 3,205.36 |
| <i>Option premium liability</i> | | | | | | | | | | |
| IRIT | - | - | - | - | - | 227.44 | - | 227.44 | - | 227.44 |
| | - | - | - | - | - | 227.44 | - | 227.44 | - | 227.44 |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above) *Contd.*

Rupees in Million

| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Grand Total |
|--------------------------------------|-----------------|---------------|---------------------|--------------|---------------|--|-----------------------|---------------|
| Payable on Current Account | | | | | | | | |
| ELSA | - | 236.18 | - | - | - | - | - | 236.18 |
| Others | 18.39 | 2.13 | 19.56 | 0.25 | 0.12 | - | - | 40.45 |
| | 18.39 | 238.31 | 19.56 | 0.25 | 0.12 | - | - | 276.63 |
| Receivable on Current Account | | | | | | | | |
| ELSA | - | 60.14 | - | - | - | - | - | 60.14 |
| WGEL | - | - | - | 60.57 | - | - | - | 60.57 |
| Others | - | 9.65 | 3.55 | 6.90 | - | - | - | 20.10 |
| | - | 69.79 | 3.55 | 67.47 | - | - | - | 140.81 |
| Transactions: | | | | | | | | |
| Deputation Cost Recovered | | | | | | | | |
| GRICL | - | 11.15 | - | - | - | - | - | 11.15 |
| IERSL | - | 17.06 | - | - | - | - | - | 17.06 |
| APEL | - | - | - | 16.57 | - | - | - | 16.57 |
| WGEL | - | - | - | 8.02 | - | - | - | 8.02 |
| Others | - | 11.50 | 13.23 | - | - | - | - | 24.73 |
| | - | 39.70 | 13.23 | 24.59 | - | - | - | 77.52 |
| Dividend payment | | | | | | | | |
| IL&FS | 270.00 | - | - | - | - | - | - | 270.00 |
| | 270.00 | - | - | - | - | - | - | 270.00 |
| Interest Expense | | | | | | | | |
| IL&FS | 111.30 | - | - | - | - | - | - | 111.30 |
| ISSL | - | - | 59.05 | - | - | - | - | 59.05 |
| Others | - | 17.40 | - | - | - | - | - | 17.40 |
| | 111.30 | 17.40 | 59.05 | - | - | - | - | 187.75 |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above) *Contd.*

| Rupees in Million | | | | | | | | | | |
|---|-----------------|-----------------|---------------------|---------------|---------------|--|-----------------------|-----------------|--|--|
| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Grand Total | | |
| <i>Interest Income</i> | | | | | | | | | | |
| GRICL | - | 55.84 | - | - | - | - | - | 55.84 | | |
| I IPL | - | 95.43 | - | - | - | - | - | 95.43 | | |
| APEL | - | - | - | 62.66 | - | - | - | 62.66 | | |
| Others | 20.91 | 13.21 | 12.43 | 34.76 | - | - | - | 81.31 | | |
| | 20.91 | 164.48 | 12.43 | 97.42 | - | - | - | 295.23 | | |
| <i>Investment in Call Money - Matured</i> | | | | | | | | | | |
| IL&FS | 4,580.08 | - | - | - | - | - | - | 4,580.08 | | |
| | 4,580.08 | - | - | - | - | - | - | 4,580.08 | | |
| <i>Investment in Call Money made</i> | | | | | | | | | | |
| IL&FS | 4,767.50 | - | - | - | - | - | - | 4,767.50 | | |
| | 4,767.50 | - | - | - | - | - | - | 4,767.50 | | |
| <i>Investment made</i> | | | | | | | | | | |
| ELSA | - | 2,445.85 | - | - | - | - | - | 2,445.85 | | |
| IRIDCL | - | 399.50 | - | - | - | - | - | 399.50 | | |
| Others | - | 341.04 | - | 0.00 | - | 0.25 | - | 341.29 | | |
| | - | 3,186.39 | - | 0.00 | - | 0.25 | - | 3,186.64 | | |
| <i>Investment Sold</i> | | | | | | | | | | |
| IL&FS | 300.00 | - | - | - | - | - | - | 300.00 | | |
| IMICL | - | - | 198.79 | - | - | - | - | 198.79 | | |
| | 300.00 | - | 198.79 | - | - | - | - | 498.79 | | |
| <i>Loan given during the year</i> | | | | | | | | | | |
| ELSA | - | 591.39 | - | - | - | - | - | 591.39 | | |
| I IPL | - | 2,369.18 | - | - | - | - | - | 2,369.18 | | |
| Others | - | 258.69 | - | 422.24 | - | - | - | 680.92 | | |
| | - | 3,219.25 | - | 422.24 | - | - | - | 3,641.48 | | |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above) *Contd.*

Rupees in Million

| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Grand Total |
|---|-----------------|---------------|---------------------|---------------|---------------|--|-----------------------|-----------------|
| <i>Loan received back during the year</i> | | | | | | | | |
| ELSA | - | 591.39 | - | - | - | - | - | 591.39 |
| IMOPL | - | - | 303.38 | - | - | - | - | 303.38 |
| KCTNL | - | - | - | 352.24 | - | - | - | 352.24 |
| Others | - | 1.30 | - | 120.00 | - | - | - | 121.30 |
| | - | 592.69 | 303.38 | 472.24 | - | - | - | 1,368.30 |
| <i>Loan Repaid</i> | | | | | | | | |
| IL&FS | 4,150.00 | - | - | - | - | - | - | 4,150.00 |
| ISSL | - | - | 1,280.00 | - | - | - | - | 1,280.00 |
| | 4,150.00 | - | 1,280.00 | - | - | - | - | 5,430.00 |
| <i>Loan Taken</i> | | | | | | | | |
| IL&FS | 5,300.00 | - | - | - | - | - | - | 5,300.00 |
| ISSL | - | - | 640.00 | - | - | - | - | 640.00 |
| | 5,300.00 | - | 640.00 | - | - | - | - | 5,940.00 |
| <i>Option premium assets</i> | | | | | | | | |
| IL&FS | 189.95 | - | - | - | - | - | - | 189.95 |
| | 189.95 | - | - | - | - | - | - | 189.95 |
| <i>Deputation Cost paid</i> | | | | | | | | |
| IL&FS | 20.12 | - | - | - | - | - | - | 20.12 |
| | 20.12 | - | - | - | - | - | - | 20.12 |
| <i>Remuneration</i> | | | | | | | | |
| Mr. K Ramchand | - | - | - | - | - | - | 13.88 | 13.88 |
| Mr. Mukund Sapre | - | - | - | - | - | - | 5.20 | 5.20 |
| Others | - | - | - | - | - | - | 1.06 | 1.06 |
| | - | - | - | - | - | - | 20.13 | 20.13 |

SCHEDULES

forming part of the Financial Statements

(d) Transactions with above mentioned related parties (mentioned in note 26 (c) above) *Contd.*

| Nature Of Transaction | Holding Company | Subsidiaries | Fellow subsidiaries | Associate | Joint Venture | Other Enterprise over which ITNL has control | Key Managerial Person | Rupees in Million | |
|--------------------------------------|-----------------|---------------|---------------------|---------------|---------------|--|-----------------------|-------------------|-----------------|
| | | | | | | | | Grand Total | |
| <i>Rent paid</i> | | | | | | | | | |
| IL&FS | 33.14 | - | - | - | - | - | - | - | 33.14 |
| | 33.14 | - | - | - | - | - | - | - | 33.14 |
| <i>Sale of Construction Material</i> | | | | | | | | | |
| APEL | - | - | - | 1.87 | - | - | - | - | 1.87 |
| WGEL | - | - | - | 5.27 | - | - | - | - | 5.27 |
| | - | - | - | 7.14 | - | - | - | - | 7.14 |
| <i>Service Rendered</i> | | | | | | | | | |
| APEL | - | - | - | 365.77 | - | - | - | - | 365.77 |
| IRIDCL | - | 500.00 | - | - | - | - | - | - | 500.00 |
| Others | 0.05 | 165.58 | 1.26 | 100.63 | 0.02 | - | - | - | 267.54 |
| | 0.05 | 665.58 | 1.26 | 466.40 | 0.02 | - | - | - | 1,133.31 |
| <i>Services Received</i> | | | | | | | | | |
| IL&FS | 17.36 | - | - | - | - | - | - | - | 17.36 |
| IFIN | - | - | 43.10 | - | - | - | - | - | 43.10 |
| Others | - | - | 0.78 | - | - | - | - | - | 0.78 |
| | 17.36 | - | 43.88 | - | - | - | - | - | 61.24 |

SCHEDULES

forming part of the Financial Statements

27. Segment Information

I) Primary - Business Segments

Rupees in Million

| | Services for Surface Transportation Business | | Non-Reportable | | Total | |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2010 | As at March 31, 2009 |
| REVENUE | | | | | | |
| External | 8,454.74 | 1,315.66 | - | 7.14 | 8,454.74 | 1,322.80 |
| Inter-Segment | - | - | - | - | - | - |
| Segment Revenue | 8,454.74 | 1,315.66 | - | 7.14 | 8,454.74 | 1,322.80 |
| Unallocated income | - | - | - | - | 960.62 | 953.96 |
| Total Revenue | 8,454.74 | 1,315.66 | - | 7.14 | 9,415.36 | 2,276.76 |
| Segment results | 5,478.09 | 467.08 | - | 0.12 | 5,478.10 | 467.21 |
| Unallocated income (excluding interest income) | - | - | - | - | 422.35 | 558.44 |
| Unallocated expenditure | - | - | - | - | 42.37 | 124.49 |
| Interest Expenses | - | - | - | - | 1,425.08 | 596.45 |
| Interest Income unallocated | - | - | - | - | 538.27 | 395.52 |
| Provision for taxation (Including Wealth Tax & Fringe Benefit Tax) | - | - | - | - | 1,723.98 | 296.00 |
| Net Profit / (Loss) | - | - | - | - | 3,247.29 | 404.23 |
| Segment assets | 8,861.20 | 1,171.46 | 13.97 | 14.29 | 8,875.17 | 1,185.75 |
| Unallocated Assets | - | - | - | - | 26,794.04 | 15,071.92 |
| Total assets | - | - | - | - | 35,669.21 | 16,257.67 |
| Segment liabilities | 3,621.87 | 408.42 | - | - | 3,621.87 | 408.42 |
| Unallocated Liabilities | - | - | - | - | 16,289.81 | 8,183.80 |
| Total liabilities | - | - | - | - | 19,911.68 | 8,592.22 |
| Capital Expenditure | 278.79 | 37.87 | - | - | 278.79 | 37.87 |
| Depreciation | 43.18 | 26.81 | - | - | 43.18 | 26.81 |
| Non cash expenditure other than depreciation: (Employee benefits, provision for diminution) | - | - | - | - | 8.88 | 101.39 |

II) Secondary - Geographic Segments

Rupees in Million

| | India | | Outside India | | Total | |
|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2010 | As at March 31, 2009 |
| Revenue | | | | | | |
| External | 8,454.74 | 1,322.80 | - | - | 8,454.74 | 1,322.80 |
| Assets | | | | | | |
| Segment assets | 8,648.80 | 1,125.62 | 226.37 | 60.14 | 8,875.17 | 1,185.75 |

- 1) Unallocated assets include investments, advance towards investments, loans, interest accrued but not due, option premium assets account, advance tax and fixed deposits
- 2) Unallocated liabilities include secured loans, unsecured loans, interest accrued but not due, deferred tax liability, advance towards capital, provision for tax and option premium liabilities account

SCHEDULES

forming part of the Financial Statements

28. Disclosure of Loans and advances in the nature of loans to subsidiaries and associates

Rupees in Million

| Particulars | March 31, 2010 | | March 31, 2009 | |
|--|----------------|--|----------------|--|
| | Amount | Maximum amount outstanding during the year | Amount | Maximum amount outstanding during the year |
| Subsidiaries | | | | |
| East Hyderabad Expressway limited | - | 80.00 | - | - |
| Gujarat Road and Infrastructure Company Limited | 308.80 | 308.80 | 308.80 | 308.80 |
| ITNL International Pte Limited, Singapore | - | 2,369.18 | 2,369.18 | 2,369.18 |
| ITNL Road Infrastructure Development Company Limited (erstwhile ITNL Chhattisgarh Road Infrastructure Company Limited) | 133.30 | 133.30 | 100.00 | 100.00 |
| Vansh Nimay Infraprojects Limited | 110.00 | 133.30 | 133.30 | 133.30 |
| West Gujarat Expressway Limited | 35.00 | 35.00 | 35.00 | 35.00 |
| Elsamex India Private Limited | 30.09 | 30.09 | 24.09 | 24.09 |
| Yala Construction Company Private Limited | - | 7.75 | - | - |
| Elsamex S.A. | - | - | - | 640.10 |
| IL&FS Maritime Offshore Pte Ltd | - | - | - | 258.83 |
| Associates | | | | |
| Andhra Pradesh Expressway Limited | 1,304.60 | 1,304.60 | 320.00 | 200.00 |
| Thiruvananthapuram Development Company Limited | - | 35.00 | 35.00 | 35.00 |

29. Earnings per Share:

| Particulars | Unit | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|------|---------------------------|---------------------------|
| Net profit after tax (in Million) | Rs. | 3,247.29 | 404.23 |
| Weighted average number of equity shares outstanding | No. | 171,540,016 | 171,414,794 |
| Nominal value of equity shares | Rs. | 10.00 | 10.00 |
| Basic / Diluted earnings per share | Rs. | 18.93 | 2.36 |

Note: Advance towards capital has not been considered for computing diluted earning per share as the terms of issue of capital have not been finalised

30. Figures for the previous year have been regrouped / reclassified, wherever necessary, to conform to the classification of the current year

For and on behalf of the Board

K. Ramchand
Managing Director

Arun K. Saha
Director

George Cherian
Chief Financial Officer

Krishna Ghag
Company Secretary

Mumbai, May 25, 2010

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies.

| Sr. No | Name of the Subsidiary Company | Reporting Currency | Exchange rate | Capital | Reserves (2) | Total Assets (1) | Total Liabilities | Investment other than investment in subsidiary | Turnover | Profit / (Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed Dividend | Country |
|--------|---|--------------------|---------------|----------|--------------|------------------|-------------------|--|----------|---------------------------------|------------------------|--------------------------------|-------------------|-----------|
| 1 | Gujarat Road and Infrastructure Company Limited | INR | 1.00 | 1,265.42 | 1,131.60 | 6,042.73 | 3,645.71 | - | 756.58 | 192.64 | 10.87 | 181.77 | - | India |
| 2 | East Hyderabad Expressway Limited | INR | 1.00 | 293.10 | (3.58) | 3,449.55 | 3,160.03 | - | - | (2.98) | 0.60 | (3.58) | - | India |
| 3 | ITNL Road Infrastructure Development Company Limited | INR | 1.00 | 400.00 | (0.79) | 1,864.31 | 1,465.10 | - | - | (0.65) | 0.08 | (0.73) | - | India |
| 4 | ITNL International Pte. Limited | USD | 45.14 | 1,298.99 | (247.32) | 1,051.67 | - | - | 51.47 | (238.06) | 9.26 | (247.32) | - | Singapore |
| 5 | ITNL Enso Rail Systems Limited | INR | 1.00 | 200.00 | (68.81) | 131.19 | - | - | 77.82 | (5.53) | (0.42) | (5.11) | - | India |
| 6 | Vansh Nimay Infraprojects Limited | INR | 1.00 | 100.00 | (107.28) | 364.95 | 372.23 | - | 283.46 | (36.12) | - | (36.12) | - | India |
| 7 | Elsamex SA | Euro | 60.56 | 1,227.23 | 1,785.74 | 5,531.25 | 2,518.28 | 171.25 | 7,144.43 | 172.30 | 51.69 | 120.61 | - | Spain |
| 8 | West Gujarat Expressway Limited | INR | 1.00 | 400.00 | (24.17) | 2,349.66 | 1,973.83 | - | 387.13 | (166.06) | - | (166.06) | - | India |
| 9 | Hazaribagh Ranchi Expressway Limited | INR | 1.00 | 0.50 | (0.50) | 946.08 | 946.08 | - | - | (0.50) | - | (0.50) | - | India |
| 10 | Pune Sholapur Road Development Company Limited | INR | 1.00 | 0.50 | (1.48) | 1,598.52 | 1,599.50 | - | - | (0.43) | 1.05 | (1.48) | - | India |
| 11 | North Karnataka Expressway Limited | INR | 1.00 | 593.91 | 201.61 | 6,058.45 | 5,262.93 | - | 1,129.31 | 125.03 | (21.16) | 146.19 | - | India |
| 12 | Rapid Metrorail Gurgaon Limited | INR | 1.00 | 0.50 | (4.62) | 22.88 | 27.00 | - | 0.01 | (4.62) | - | (4.62) | - | India |
| 13 | Inversiones Tyndrum S.A. | Euro | 60.56 | 11.23 | (1.03) | 10.20 | - | - | - | (0.45) | - | (0.45) | - | Spain |
| 14 | Proyectos Y Promociones Inmobiliarias Sanchez Marcos SL | Euro | 60.56 | 0.18 | (35.07) | (34.89) | - | - | - | (1.77) | - | (1.77) | - | Spain |
| 15 | Atenea Seguridad y Medio Ambiente S.A | Euro | 60.56 | 7.88 | 32.47 | 44.33 | 3.98 | 6.17 | 376.87 | 7.32 | 2.20 | 5.12 | - | Spain |
| 16 | Proyectos de Gestion, Sistemas, Calculo y Analisis, S.A | Euro | 60.56 | 3.64 | (51.48) | (47.84) | - | 4.01 | 14.55 | (2.57) | 0.15 | (2.72) | - | Spain |
| 17 | Instituto Tecnico de la Vialidad y del Transporte, S.A. | Euro | 60.56 | 3.65 | (0.99) | 5.97 | 3.31 | 8.65 | 102.10 | 0.67 | 0.19 | 0.48 | - | Spain |
| 18 | Sanchez Marcos Senalizacion e Imagen, S.A | Euro | 60.56 | 9.08 | (5.46) | 4.23 | 0.61 | 1.34 | 0.02 | (3.93) | - | (3.93) | - | Spain |
| 19 | Senalizacion Viales E Imagen SA | Euro | 60.56 | 41.67 | (104.29) | 169.83 | 232.45 | 9.51 | 60.36 | (16.11) | (0.93) | (15.18) | - | Spain |
| 20 | Elsamex Internacional SRL | Euro | 60.56 | 866.65 | (180.15) | 696.00 | 9.50 | 87.69 | 364.68 | 1.76 | (1.43) | 3.19 | - | Spain |
| 21 | Grusamar Ingenieria y Consulting SL | Euro | 60.56 | 211.65 | 6.14 | 218.38 | 0.59 | 27.07 | 736.50 | 5.69 | 1.71 | 3.98 | - | Spain |
| 22 | Elsamex Portugal SA | Euro | 60.56 | 21.20 | 35.42 | 96.81 | 40.19 | 4.51 | 157.87 | 12.35 | 3.77 | 8.58 | - | Portugal |
| 23 | Inteval-Gestao Integral Rodoviaria, S.A. | Euro | 60.56 | 45.42 | (62.03) | 75.28 | 91.89 | - | 681.87 | 3.36 | 3.26 | 0.10 | - | Portugal |
| 24 | Elsamex India Private Limited | INR | 1.00 | 22.19 | (26.27) | 27.81 | 31.89 | - | 128.20 | 14.26 | 2.95 | 11.30 | - | India |
| 25 | Yala Construction Company Private Limited | INR | 1.00 | 22.37 | 1.73 | 26.24 | 2.14 | - | 104.80 | 1.07 | 0.55 | 0.51 | - | India |
| 26 | Mantenimiento Y Conservacion De Vialidades SA DE CV | Euro | 60.56 | 36.01 | (8.28) | 27.73 | - | 10.59 | 201.18 | 0.16 | - | 0.16 | - | Mexico |
| 27 | ESM Mantenimiento Integral SA DE CV | Euro | 60.56 | 20.93 | (2.52) | 18.41 | - | - | 23.90 | (0.11) | 0.32 | (0.43) | - | Mexico |
| 28 | Centro De Investigacion Elpidio Sanchez Marcos S.A. | Euro | 60.56 | 7.27 | 3.39 | 30.75 | 20.09 | 7.16 | 239.89 | 1.49 | 0.81 | 0.68 | - | Spain |
| 29 | Control 7, S.A | Euro | 60.56 | 33.34 | 2.04 | 47.96 | 12.58 | 4.21 | 167.74 | 0.34 | 0.01 | 0.33 | - | Spain |
| 30 | Geotecnia 7 | Euro | 60.56 | 0.91 | 0.23 | 2.72 | 1.58 | - | 17.28 | (4.23) | (0.59) | (3.64) | - | Spain |
| 31 | Ecoasfalt Construction Company Private Limited | INR | 1.00 | 1.88 | (6.62) | (0.78) | 3.96 | - | - | (0.38) | - | (0.38) | - | India |
| 32 | Grusamar Albania SHPK | Euro | 60.56 | 0.05 | (1.29) | (0.68) | 0.56 | - | 2.75 | (1.29) | - | (1.29) | - | Albania |

Note:

The exchange rate used for conversion is as per the rate prevailing at the close of business on March 31, 2010 (as appearing on the RBI website), as the Financial year end of the Parent is March 31.

AUDITORS' REPORT on the Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF IL&FS TRANSPORTATION NETWORKS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of **IL&FS TRANSPORTATION NETWORKS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities together constitute the "Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities are accounted in accordance with AS 27 (Financial Reporting of Interests in Joint Ventures) as notified under Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit

2. We conducted our audit in accordance with the 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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

3. We did not audit the financial statements of:

(a) ten subsidiaries whose financial statements reflect total assets (net of current liabilities and provisions) of Rs. 22,724.04 Million as at March 31, 2010 and total revenues of Rs. 21,411.27 Million and net cash inflows of Rs. 4,546.24 Million (including in respect of their subsidiaries, jointly controlled operations and associates) for the year ended on that date as considered in the Consolidated Financial Statements;

(b) one jointly controlled entity (including its subsidiary), whose financial statements include the Company's share in the total assets (net of current liabilities and provisions) amounting to Rs. 1,558.07 Million as at March 31, 2010 and the Company's share in the total revenues amounting to Rs. 217.27 Million and net cash inflows of Rs. 15.33 Million for the year ended on that date as considered in the Consolidated Financial Statements; and

(c) six associates, in respect of which the Group has recognised Rs. 95.47 Million as its share in the net profit of the associates from the date of acquisition up to March 31, 2010 after adjusting net profit of Rs. 87.28 Million for the year ended March 31, 2010 as considered in the Consolidated Financial Statements

These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the said subsidiaries, jointly controlled entity and associates, are based solely on the report of the other auditors

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of AS 21 (Consolidated Financial Statements), AS 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and AS 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006

5. Without qualifying our opinion, we draw attention to Note no. 21 and Note no. 22 in Schedule P to the Consolidated Financial Statements, wherein the elements of the Consolidated Financial Statements determined on the basis of management estimates (which in turn are based on technical evaluations by independent experts) have been identified. These include:

(a) Intangible Assets covered under service concession arrangements carried at Rs. 14,797.20 Million (28.13% of the total assets (net of current liabilities and provisions)), the useful lives and the annual amortisation thereof;

(b) Provision for Overlay carried at Rs. 432.77 Million in respect of intangible assets covered under service concession arrangements; and

(c) Financial Assets covered under service concession arrangements, included as a part of Receivables against Service Concession

Arrangements, carried at Rs 12,048.81 Million (22.91% of the total assets (net of current liabilities and provisions)) and revenue recognised thereon based on the effective interest method which in turn is based on evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof

6. Based on our audit, and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries, jointly controlled entity and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements, read together with our comments in paragraphs 3 and 5 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
- ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, May 25, 2010

CONSOLIDATED BALANCE SHEET

As at March 31, 2010

Rupees in Million

| Schedule | As at March 31, 2010 | | As at March 31, 2009 | |
|--|-------------------------|------------------|-------------------------|------------------|
| SOURCES OF FUNDS | | | | |
| Shareholders' funds | | | | |
| Capital | A | 1,942.68 | 1,714.15 | |
| Reserves and surplus | B | 14,743.68 | 7,147.99 | 8,862.14 |
| Minority interest | | 1,118.31 | | 773.70 |
| Preference shares issued by subsidiary to Minority (Refer schedule "P" note no. 4) | | 350.00 | | 350.00 |
| Advance towards capital of subsidiary (Refer schedule "P" note no. 6) | | 450.00 | | 453.75 |
| Loan funds | C | | | |
| Secured | | 17,530.98 | 10,433.68 | |
| Unsecured | | 15,684.25 | 8,108.25 | 18,541.93 |
| Deferred tax liability (Refer schedule "P" note no. 8) | | 778.66 | | 647.06 |
| | | 52,598.56 | | 29,628.58 |
| APPLICATION OF FUNDS | | | | |
| Fixed assets | D | | | |
| Gross block | | 19,134.36 | 11,163.79 | |
| Less: Depreciation | | 2,954.58 | 2,630.53 | |
| Net fixed assets | | 16,179.78 | 8,533.26 | |
| Capital work in progress | | 56.83 | 81.21 | 8,614.47 |
| Goodwill on consolidation | | 2,710.08 | | 2,854.76 |
| Investments | E | 4,543.70 | | 2,010.16 |
| Receivable under Service Concession Agreements (Refer schedule "P" note no. 16) | | 12,048.81 | | 7,317.62 |
| Toll receivable account (Refer schedule "P" note no. 10) | | 1,898.70 | | 1,898.70 |
| Current assets, loans and advances | F | | | |
| Inventories | | 291.55 | 245.43 | |
| Sundry debtors | | 6,478.06 | 7,873.05 | |
| Cash and bank balances | | 5,502.14 | 1,601.43 | |
| Other current assets | | 1,047.79 | 1,027.23 | |
| Loans and advances | | 9,708.89 | 3,435.80 | |
| | | 23,028.43 | 14,182.94 | |
| Less : Current liabilities and provisions | G | | | |
| Current liabilities | | 6,518.08 | 6,565.12 | |
| Provisions | | 1,349.69 | 684.95 | |
| | | 7,867.77 | 7,250.07 | |
| Net current assets | | 15,160.66 | | 6,932.87 |
| | | 52,598.56 | | 29,628.58 |
| Significant accounting policies | O | | | |
| Notes forming part of the financial statements | P | | | |

Schedules "A" to "P" annexed hereto form part of the financial statements

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner

K. Ramchand
Managing Director

Arun K. Saha
Director

Mumbai, May 25, 2010

George Cherian
Chief Financial Officer

Krishna Ghag
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

Rupees in Million

| | Schedule | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|----------|---------------------------------|---------------------------------|
| INCOME | | | |
| Income from operations | H | 24,028.79 | 12,253.70 |
| Other income | I | 843.72 | 794.24 |
| Foreign exchange fluctuation (net) | | - | 272.17 |
| | | 24,872.51 | 13,320.11 |
| EXPENSES | | | |
| Operating Expenses | J | 10,145.80 | 5,459.09 |
| Employees Cost | K | 3,565.07 | 2,994.77 |
| Administrative and general expenses | L | 2,375.84 | 1,866.52 |
| Interest and finance charges | M | 2,940.93 | 1,742.98 |
| Preliminary expenses written off | | 0.87 | - |
| | | 19,028.51 | 12,063.36 |
| PROFIT BEFORE DEPRECIATION, DIMINUTION AND TAX | | 5,844.00 | 1,256.75 |
| Depreciation | | 603.05 | 352.99 |
| PROFIT BEFORE DIMINUTION AND TAX | | 5,240.95 | 903.76 |
| Provision for Diminution in value of investments | | - | (100.00) |
| PROFIT BEFORE TAX | | 5,240.95 | 803.76 |
| Provision for tax | N | (1,857.89) | (482.57) |
| PROFIT AFTER TAX (BEFORE ADJUSTMENT OF MINORITY INTEREST) | | 3,383.06 | 321.19 |
| Less: Share of profit transferred to minority interest | | (26.44) | (31.86) |
| Add: Own share in Associate included as Minority interest of a Jointly Controlled Entity | | - | 0.07 |
| PROFIT AFTER TAX (AFTER ADJUSTMENT OF MINORITY INTEREST) | | 3,356.62 | 289.40 |
| Add / Less : Share of Profit / (Loss) of associates | | 87.28 | (26.77) |
| PROFIT AFTER TAX | | 3,443.90 | 262.63 |
| Balance of profit brought forward | | 1,165.31 | 1,188.35 |
| Profit available for appropriation | | 4,609.21 | 1,450.98 |
| Appropriations: | | | |
| Transfer to general reserve | | (324.73) | (10.11) |
| Transfer to debenture redemption reserve | | (6.25) | (6.00) |
| Proposed dividend on equity shares | | (582.80) | (214.27) |
| Tax on dividend on equity shares | | (96.80) | (36.41) |
| Premium on preference shares of subsidiary | | (16.14) | (16.14) |
| Tax on premium on preference shares of subsidiary | | (2.28) | (2.74) |
| BALANCE CARRIED FORWARD | | 3,580.21 | 1,165.31 |
| Basic / Diluted earnings per share (Face value per share Rs. 10) (Refer schedule "P" note no. 20) | | 19.97 | 1.42 |
| Significant Accounting policies | O | | |
| Notes forming part of the financial statements | P | | |

Schedules "A" to "P" annexed hereto form part of the financial statements

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner**K. Ramchand**
Managing Director**Arun K. Saha**
Director

Mumbai, May 25, 2010

George Cherian
Chief Financial Officer**Krishna Ghag**
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2010

Rupees in Million

| | Year Ended March 31, 2010 | Year ended March 31, 2009 |
|--|---------------------------------|---------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Taxes, Minority Interest & Share of Profits of Associates | 5,240.95 | 803.76 |
| Adjustments for :- | | |
| Interest on loans granted | (293.75) | (162.48) |
| Interest on short term deposit | (39.94) | (21.41) |
| Interest on debentures | (39.32) | (39.32) |
| Interest on call money | (23.16) | (22.75) |
| (Profit)/Loss on sale of investments | (149.28) | (387.76) |
| Interest on Advance Against Property | (38.20) | - |
| Interest and finance expense | 2,940.93 | 1,742.98 |
| (Profit)/Loss on sale of fixed assets | 4.72 | (53.79) |
| Provision for Compensated Absences | 8.58 | 4.37 |
| Depreciation | 603.05 | 352.99 |
| Provision for Doubtful Debts | 164.98 | 62.69 |
| Provision for Overlay | 82.29 | 38.67 |
| Provision for diminution in value of investments | - | 100.00 |
| Exchange rate Fluctuation reserve | (324.54) | (76.87) |
| Foreign Exchange difference | 13.02 | (272.18) |
| Excess provision written back | (50.44) | (0.50) |
| Operating profit before Working Capital Changes | 8,099.89 | 2,068.40 |
| Adjustments changes in working capital: | | |
| (Increase) / decrease in receivables | 1,231.18 | 241.36 |
| (Increase) / decrease in inventories | (46.12) | (45.26) |
| (Increase) / decrease in loans and advances | (3,664.19) | (373.07) |
| Increase / (decrease) in current liabilities & provisions | (528.74) | (1,143.86) |
| Cash Generated from Operating Activities | 5,092.02 | 747.57 |
| Direct Taxes (paid) / receivable (Net) | (1,902.81) | (572.27) |
| Net Cash Flow from Operations (A) | 3,189.21 | 175.30 |
| Cash flow from Investing Activities | | |
| Purchase of fixed assets | (5,423.09) | (214.30) |
| Proceeds from sale of fixed assets | 51.07 | 552.29 |
| Purchase of / advance towards investments (net) | (269.57) | (730.86) |
| Sale proceeds of investments | 177.38 | 1,111.30 |
| Investment in Mutual Funds | (2,500.71) | - |
| Loans given (net of received) | (1,543.85) | 158.71 |
| Fixed deposits for periods exceeding 3 months encashed /(placed) | 115.72 | (85.87) |
| Investment in call money | 197.43 | (197.42) |
| (Increase) in Receivable under Service Concession Arrangement | (4,731.18) | (848.36) |
| Interest received | 231.45 | 140.39 |
| Acquisition of a Subsidiary (net of cash and cash equivalents) | (75.86) | (69.74) |
| Advance against property | (814.80) | - |
| Net Cash from Investing Activities (B) | (14,586.01) | (183.86) |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2010 Contd.

Rupees in Million

| | Year Ended March 31, 2010 | Year ended March 31, 2009 |
|--|---------------------------------|---------------------------------|
| Cash flow from Financing Activities | | |
| Issue of Shares | 5,896.06 | - |
| Share Issue expenses | (138.00) | - |
| Increase /(decrease) in Advance towards capital | (3.75) | (45.25) |
| Proceeds from borrowings | 29,137.90 | 10,779.08 |
| Repayments of borrowings | (16,521.59) | (8,875.59) |
| Interest paid | (2,940.95) | (1,750.88) |
| Dividend paid | (250.68) | (380.61) |
| Contribution by minority | 46.69 | (26.29) |
| Net Cash from Financing Activities (C) | 15,225.68 | (299.54) |
| Net Increase in Cash & Cash Equivalents (A+B+C) | 3,828.88 | (308.10) |
| Cash and Cash Equivalent at the beginning of the year | 1,156.10 | 1,464.20 |
| Cash and Cash Equivalent at the end of the year | 4,984.98 | 1,156.10 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | 3,828.88 | (308.10) |
| Notes: | | |
| Components of Cash & Cash Equivalent | | |
| Cash on Hand | 47.83 | 46.21 |
| Balance with Scheduled Banks - Current Accounts | 4,413.37 | 830.32 |
| Balance with Scheduled Banks in term deposits (maturity less than 3 months) | 523.78 | 279.57 |
| (Cash and Cash Equivalent excludes deposits with Scheduled Banks with maturity more than 3 months Rs. 445,332,188) | 4,984.98 | 1,156.10 |
| Fixed deposits placed for periods exceeding 3 months | 517.16 | 445.33 |
| Cash & Bank Balances (Refer Schedule No. "F") | 5,502.14 | 1,601.43 |
| Significant accounting policies | O | |
| Notes forming part of the financial statements | P | |
| Schedules "A" to "P" annexed hereto form part of the financial statements | | |

In terms of our report of even date attached.
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, May 25, 2010

For and on behalf of the Board

K. Ramchand
Managing Director

George Cherian
Chief Financial Officer

Arun K. Saha
Director

Krishna Ghag
Company Secretary

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------------------|----------------------------|
| Schedule A : CAPITAL | | |
| Authorised | | |
| 250,000,000 equity shares of Rs. 10 each | 2,500.00 | 2,500.00 |
| | 2,500.00 | 2,500.00 |
| Issued, Subscribed and Paid-Up | | |
| 194,267,732 (Previous year 171,414,794) equity shares of Rs. 10/- each fully paid up (Refer footnote) | 1,942.68 | 1,714.15 |
| Total Capital | 1,942.68 | 1,714.15 |

Footnote:

Of the above, 135,000,000 (previous year 135,000,000) shares are held by the holding company viz. Infrastructure Leasing & Financial Services Limited and its nominees.

Rupees in Million

| | As at March 31, 2010 | | | As at March 31, 2009 |
|--|---------------------------------|------------------|----------|-------------------------|
| Schedule B : RESERVES AND SURPLUS | | | | |
| Securities premium account | | | | |
| Balance as per last Balance Sheet | 4,943.52 | | 4,943.52 | |
| Addition during the year | 5,667.53 | | - | |
| Less Share Issue expenses | (290.48) | | - | |
| (Refer schedule "P" note no. 1) | | 10,320.57 | | 4,943.52 |
| Capital reserve | | - | 88.18 | |
| Capital reserve on consolidation | | 1,076.06 | | 1,076.06 |
| Other statutory reserves (created through transfer of profits) | | | | |
| Transfer during the year | | 29.13 | - | |
| Debenture redemption reserve | | | | |
| Opening balance | 12.22 | | 6.22 | |
| Addition during the year (post acquisition) | 8.25 | | 6.00 | |
| | | 20.47 | | 12.22 |
| General reserve | | | | |
| Opening balance | 102.74 | | 92.64 | |
| Add : Transfer during the year | 324.73 | | 10.10 | |
| | | 427.47 | | 102.74 |
| Foreign Exchange Fluctuation Reserve (Net of deferred tax asset of Rs. 29.20 million (previous year Rs. 71.00 Million)) | | (438.70) | | (63.12) |
| Cash Flow Hedge Reserve (Refer schedule "P" note no. 12(f)) | | (271.53) | (176.92) | |
| Balance in Profit and Loss Account | | 3,580.21 | 1,165.31 | |
| Total reserves and surplus | | 14,743.68 | 7,147.99 | |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|--|-------------------------------------|----------------------------|
| Schedule C : LOAN FUNDS | | |
| Secured | | |
| From banks | 14,629.56 | 7,532.95 |
| From financial institutions | 341.67 | 330.61 |
| From others | 951.95 | 750.46 |
| Non convertible debentures | 200.00 | 200.00 |
| Deep discount bonds (Refer Schedule "P" note no. 7 (a) and 7 (c)) | 956.79 | 851.08 |
| Zero Coupon Bonds (Refer Schedule "P" note no. 7 (b)) | 54.91 | 105.59 |
| Lease Finance | 396.10 | 662.27 |
| Interest accrued and due | - | 0.72 |
| Total secured loans | 17,530.98 | 10,433.68 |
| Unsecured | | |
| From Banks (Refer Schedule "P" note no. 7 (d)) | | |
| Short term loans | 7,359.04 | 2,954.84 |
| Other than short term loans | 7,905.30 | 4,000.00 |
| From Others | | |
| Short term loans | - | 1,153.30 |
| Other than short term loans | 59.91 | - |
| Non-Covertible Debentures | 360.00 | - |
| Interest accrued and due | - | 0.11 |
| Total unsecured loans | 15,684.25 | 8,108.25 |
| Total loan funds | 33,215.23 | 18,541.93 |

SCHEDULES

forming part of the Consolidated Financial Statements

Schedule D : FIXED ASSETS

| Particulars | Gross Block | | | | Depreciation | | | | Rupees in Million | | | |
|--|-----------------------------|---------------------|-----------------|---------------|------------------------------|---------------------|---------------------|---------------|-------------------|---------------------|----------------------|----------------------|
| | Opening as at April 1, 2009 | Opening adjustments | Additions | Deletions | Closing as at March 31, 2010 | Upto March 31, 2009 | Opening adjustments | for the year | Deletions | Upto March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 |
| Tangible assets | | | | | | | | | | | | |
| Land | 26.22 | (2.69) | - | - | 23.53 | - | - | - | - | - | 23.53 | 26.22 |
| Building & Structures | 77.98 | (6.51) | 3.62 | 19.42 | 55.67 | 11.77 | (1.20) | 1.57 | 8.61 | 3.53 | 52.14 | 66.21 |
| Vehicles | 604.69 | 14.98 | 221.60 | 27.36 | 813.91 | 389.80 | (57.64) | 168.95 | 20.59 | 480.52 | 333.39 | 214.89 |
| Data processing equipments | 64.44 | (2.60) | 11.51 | 1.85 | 71.50 | 51.80 | (3.12) | 7.67 | 1.29 | 55.06 | 16.44 | 12.64 |
| Office premises | 8.58 | 2.95 | - | - | 11.53 | 1.37 | 0.18 | 0.18 | - | 1.73 | 9.80 | 7.21 |
| Office equipments | 31.16 | 0.82 | 5.69 | 1.82 | 35.85 | 19.13 | (0.14) | 5.50 | 1.26 | 23.23 | 12.62 | 12.03 |
| Leasehold improvements | 16.37 | - | 8.76 | 16.37 | 8.76 | 11.26 | - | 5.37 | 16.37 | 0.26 | 8.50 | 5.11 |
| Furniture & fixtures | 129.55 | (9.87) | 3.34 | 6.44 | 116.58 | 105.56 | (9.33) | 6.36 | 4.00 | 98.59 | 17.99 | 23.99 |
| Electrical installations | 13.61 | (1.34) | 7.79 | 7.32 | 12.74 | 12.77 | (2.08) | 8.15 | 6.67 | 12.17 | 0.57 | 0.84 |
| Plant & Machinery | 1,191.96 | (136.73) | 69.96 | - | 1,125.19 | 1,157.52 | (97.87) | 13.81 | - | 1,073.46 | 51.73 | 34.44 |
| Advertisement Structure | 12.41 | - | - | 0.74 | 11.67 | 6.38 | - | 2.36 | 0.66 | 8.08 | 3.59 | 6.03 |
| Sub total | 2,176.97 | (140.99) | 332.27 | 81.32 | 2,286.93 | 1,767.36 | (171.20) | 219.92 | 59.45 | 1,756.63 | 530.30 | 409.61 |
| Leased Assets | | | | | | | | | | | | |
| Plant & Machinery | 1,301.26 | (189.81) | 15.37 | 99.29 | 1,027.53 | 363.05 | (43.69) | 228.07 | 73.92 | 473.51 | 554.02 | 938.21 |
| Vehicles | 16.79 | (1.45) | 17.02 | 7.23 | 25.13 | 13.60 | (2.12) | 9.05 | 0.12 | 20.41 | 4.72 | 3.19 |
| Furniture & fixtures | 11.20 | (1.15) | - | - | 10.05 | 2.66 | (0.36) | 1.33 | - | 3.63 | 6.42 | 8.54 |
| Building & Structures | 167.96 | (16.02) | - | - | 151.94 | 4.26 | (0.63) | 2.83 | - | 6.46 | 145.48 | 163.70 |
| Land | 28.53 | (2.93) | - | - | 25.60 | - | - | - | - | - | 25.60 | 28.53 |
| Sub total | 1,525.74 | (211.36) | 32.39 | 106.52 | 1,240.25 | 383.57 | (46.80) | 241.28 | 74.04 | 504.01 | 736.24 | 1,142.17 |
| Intangible assets | | | | | | | | | | | | |
| Software / Licences | 151.39 | (13.82) | 14.55 | 1.47 | 150.65 | 134.82 | (13.53) | 7.64 | - | 128.93 | 21.72 | 16.57 |
| Commercial rights acquired (Refer schedule "P" note no. 9) | 60.00 | - | - | - | 60.00 | 7.01 | - | 2.65 | - | 9.66 | 50.34 | 52.99 |
| Rights Under Service Concession Arrangements | 7,144.29 | 2,923.98 | 5,197.08 | - | 15,265.35 | 244.71 | 95.49 | 127.95 | - | 468.15 | 14,797.20 | 6,899.58 |
| Trademarks & Licences | 1.90 | 0.70 | - | - | 2.60 | 1.88 | (0.19) | - | - | 1.69 | 0.91 | 0.02 |
| Others | 103.49 | (11.51) | 36.60 | - | 128.58 | 91.19 | (9.56) | 3.88 | - | 85.51 | 43.07 | 12.30 |
| Sub total | 7,461.07 | 2,899.35 | 5,248.23 | 1.47 | 15,607.18 | 479.61 | 72.21 | 142.12 | - | 693.94 | 14,913.24 | 6,981.46 |
| Total fixed assets | 11,163.78 | 2,547.00 | 5,612.89 | 189.31 | 19,134.36 | 2,630.54 | (145.79) | 603.32 | 133.49 | 2,954.58 | 16,179.78 | 8,533.24 |
| Previous year | 10,393.55 | 331.85 | 1,070.38 | 632.00 | 11,163.79 | 2,220.99 | 190.06 | 352.99 | 133.50 | 2,630.53 | 8,533.26 | - |

Depreciation on assets used during the construction period Rs. 0.27 Million (previous year Rs. nil) has been included in "Capital Work in Progress". Therefore, the charge to the profit and loss account is lower by this amount.

SCHEDULES**forming part of the Consolidated Financial Statements**

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|--|-------------------------------------|----------------------------|
| Schedule E : INVESTMENTS | | |
| Investments in associates (Refer schedule "M" note no. 2 & 6) | 1,430.25 | 1,539.54 |
| Add: Unrealised gain on transactions between the Company and its associates | (2.31) | - |
| Add: Post-acquisition share of profit/ (loss) of associates | 95.47 | 83.32 |
| Add: Post-acquisition share of movement in the capital reserves of an associate | 8.72 | 88.19 |
| Less: Cash flow Hedge Reserve | (170.37) | (176.92) |
| | 1,361.76 | 1,534.13 |
| Long term investments | | |
| Unquoted equity shares (fully paid up) | 179.00 | 200.47 |
| Other investments (Refer Schedule "P" note no. 11) | 717.68 | 500.44 |
| Sub total | 896.68 | 700.91 |
| Current investments | | |
| In units of mutual funds | 2,585.26 | 75.12 |
| (Market value as March 31, 2010 Rs. 2,585.26 Million (Previous year Rs. 75.12 Million)) | | |
| Sub total | 2,585.26 | 75.12 |
| | 4,843.70 | 2,310.16 |
| Less: Provision for diminution | 300.00 | 300.00 |
| Total investments | 4,543.70 | 2,010.16 |
| Schedule F : CURRENT ASSETS, LOANS AND ADVANCES | | |
| CURRENT ASSETS | | |
| INVENTORIES (At Lower of Cost and Market Value) | | |
| Raw Material | 157.52 | 26.51 |
| Finished Goods | 132.36 | 218.92 |
| Stores and Spares | 1.67 | - |
| | 291.55 | 245.43 |
| SUNDRY DEBTORS (Unsecured, Considered Good Unless Otherwise stated) | | |
| Considered good | 6,478.06 | 7,873.05 |
| Considered doubtful | 290.26 | 476.87 |
| | 6,768.32 | 8,349.92 |
| Less: Provision for doubtful debts | (290.26) | (476.87) |
| | 6,478.06 | 7,873.05 |
| CASH AND BANK BALANCES | | |
| Cash in hand | 47.83 | 46.21 |
| Balance with scheduled banks | - | - |
| In current accounts * | 3,520.57 | 157.71 |
| In fixed deposits | 986.62 | 494.19 |
| Balance with non-scheduled banks | - | - |
| In current accounts | 892.80 | 672.61 |
| In fixed deposits | 54.32 | 230.71 |
| * Includes Rs.883.47 Million being proceeds from initial public offering pending utilisation (Refer Schedule "P" note no. 1) | | |
| | 5,502.14 | 1,601.43 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------------------|----------------------------|
| OTHER CURRENT ASSETS | | |
| Interest accrued | 374.02 | 164.75 |
| Option premium assets (Refer schedule "P" note no. 12 (b)) | 292.14 | 480.85 |
| Receivable against sale of investments | 381.63 | 381.63 |
| | 1,047.79 | 1,027.23 |
| LOANS AND ADVANCES | | |
| Advances recoverable in cash or in kind or for value to be received | 4,625.75 | 1,109.56 |
| Deposits | 433.24 | 229.63 |
| Advance payment of taxes (net of provision) | 748.17 | 588.71 |
| Advance Fringe benefit tax (net of provision) | 1.81 | 1.67 |
| Long term loans | 784.60 | 651.87 |
| Short term loans | 2,137.85 | 594.06 |
| Advance towards Capital / Share Application Money | 110.10 | 40.30 |
| Investment in Call Money | 22.57 | 220.00 |
| Grant receivable from National Highway Authorities of India | 30.00 | - |
| Advance towards property | 814.80 | - |
| | 9,708.89 | 3,435.80 |
| | 23,028.43 | 14,182.94 |

Schedule G : CURRENT LIABILITIES AND PROVISIONS

| | | |
|---|-----------------|-----------------|
| CURRENT LIABILITIES | | |
| Sundry creditors (Refer schedule "P" note no. 13) | 4,954.55 | 4,706.54 |
| Advance received | 886.11 | 851.65 |
| Interest accrued but not due | 0.16 | 0.19 |
| Other liabilities | 559.48 | 889.78 |
| Income received in advance | 117.78 | 116.96 |
| | 6,518.08 | 6,565.12 |
| PROVISIONS | | |
| Provision for fringe benefit tax (net of advance) | 0.19 | 0.32 |
| Provision for tax (net of advance) | 57.00 | - |
| Provision for employee benefits | 25.92 | 17.35 |
| Proposed dividend on equity shares | 582.80 | 214.27 |
| Provision for tax on proposed dividend on equity shares | 96.80 | 36.41 |
| Provision for dividend on preference shares of subsidiary | 5.15 | 5.15 |
| Provision for premium on preference shares of subsidiary | 120.65 | 104.51 |
| Provision for tax on preference dividend of subsidiary | 0.88 | 0.88 |
| Provision for tax on preference share premium of subsidiary | 20.04 | 17.76 |
| Provision for overlay (Refer schedule "P" note no. 21) | 432.77 | 280.81 |
| Provision for contingency (Refer schedule "P" note no. 23) | 7.49 | 7.49 |
| | 1,349.69 | 684.95 |
| Total current liabilities and provisions | 7,867.77 | 7,250.07 |

SCHEDULES**forming part of the Consolidated Financial Statements**

Rupees in Million

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|--|---------------------------------|
| Schedule H : INCOME FROM OPERATIONS | | |
| Income from services | | |
| Advisory and project management fees | 876.30 | 776.98 |
| Lenders' engineer and supervision fees | 38.24 | 148.80 |
| Operation and maintenance income | 8,983.05 | 7,918.66 |
| Toll revenue | 1,468.46 | 860.24 |
| Periodic Maintenance Income | 153.92 | - |
| Finance Income | 773.77 | 656.40 |
| Licence Fee | 32.91 | 31.29 |
| (a) | 12,326.65 | 10,392.37 |
| Traded products | | |
| Sales (net of sales tax) | 60.15 | 194.86 |
| (b) | 60.15 | 194.86 |
| Construction Income | (c) | 1,666.47 |
| (a+b+c) | 11,641.99 | 1,666.47 |
| Total income from operations | 24,028.79 | 12,253.70 |
| Schedule I : OTHER INCOME | | |
| Interest on loans granted | 293.75 | 162.48 |
| Interest on debentures | 39.32 | 39.32 |
| Interest on call money | 23.16 | 22.75 |
| Interest on bank deposits | 39.94 | 21.15 |
| Interest on Short Term Deposit | - | 0.26 |
| Interest on Advance towards Property | 38.20 | - |
| Profit on sale of investment (net) | 149.28 | 387.76 |
| Profit on sale of fixed assets (net) | - | 53.79 |
| Advertisement income | - | 4.00 |
| Income from Material Testing | 0.09 | 2.01 |
| Excess provisions written back | 50.44 | 0.50 |
| Operation and Maintenance Grant from National Highways Authority of India | 50.60 | - |
| Miscellaneous income | 158.94 | 100.22 |
| Total other income | 843.72 | 794.24 |
| Schedule J : OPERATING EXPENSES | | |
| Material Consumption | 730.35 | 1,036.69 |
| Cost of traded products | 31.51 | 220.65 |
| Construction Contract Costs | 5,277.59 | 1,495.20 |
| Fees for technical services / design and drawings | 210.39 | - |
| Diesel and Fuel Expenses | 133.65 | 7.88 |
| Operation and maintenance expenses | 3,535.45 | 2,644.63 |
| Provision for overlay expenses (Refer schedule "P" note no. 21) | 87.37 | 54.04 |
| Periodic maintenance expenses | 139.49 | - |
| Total operating expenses | 10,145.80 | 5,459.09 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|--|---------------------------------|
| Schedule K : EMPLOYEE COST | | |
| Salaries and allowances (Refer schedule "P" note no. 14) | 2,872.99 | 2,399.29 |
| Contribution to provident and other funds | 22.29 | 23.15 |
| Staff welfare expenses | 669.79 | 572.33 |
| Total employee cost | 3,565.07 | 2,994.77 |
| Schedule L : ADMINISTRATIVE AND GENERAL EXPENSES | | |
| Legal and consultation fees | 358.62 | 434.37 |
| ECR Operating and Administrative Expenses | - | 8.32 |
| Agency fees | 0.83 | 0.80 |
| Travelling and conveyance | 340.66 | 378.30 |
| Rent | 526.52 | 327.84 |
| Rates and taxes | 109.88 | 45.35 |
| Repairs and maintenance | 135.24 | 78.68 |
| Bank commission | 153.30 | 72.72 |
| Registration expenses | 2.05 | 5.33 |
| Communication expenses | 59.57 | 68.57 |
| Insurance | 101.44 | 97.13 |
| Exchange rate fluctuation | 21.32 | - |
| Printing and stationery | 55.40 | 53.36 |
| Electricity charges | 10.08 | 8.81 |
| Cost of shared services | 0.16 | 29.61 |
| Directors' fees | 3.29 | 2.27 |
| Bad debts and provision for doubtful debts | 164.98 | 32.27 |
| Project management fees | 4.72 | 3.83 |
| Loss on sale of fixed assets (net) | 4.72 | - |
| Royalty | 8.28 | 0.16 |
| Miscellaneous expenses | 314.78 | 218.80 |
| Total administrative and general expenses | 2,375.84 | 1,866.52 |
| Schedule M : INTEREST AND FINANCE CHARGES | | |
| Interest on loans for fixed period | 2,804.44 | 1,641.36 |
| Interest on debentures | 25.14 | 20.65 |
| Guarantee commission | 18.87 | 19.81 |
| Finance charges | 75.77 | 47.88 |
| Upfront fees on performance guarantee | 13.89 | 10.44 |
| Interest on Deep Discount bonds | 2.82 | 2.60 |
| Other interest | - | 0.24 |
| Total interest and finance charges | 2,940.93 | 1,742.98 |
| Schedule N : PROVISION FOR TAXATION | | |
| Current tax | 1,810.80 | 407.75 |
| Tax related to earlier years | (0.69) | 16.50 |
| Fringe benefit tax | - | 8.81 |
| Deferred tax charge (net) | 47.78 | 49.51 |
| Total provision for taxation | 1,857.89 | 482.57 |

SCHEDULES

forming part of the Consolidated Financial Statements

Schedule O : PRINCIPLES OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Consolidation:

- (a) The Consolidated Financial Statements ("CFS") relates to IL&FS Transportation Networks Limited (the "Company"), its subsidiaries, jointly controlled entities and associates. The Company and its subsidiaries constitute "the Group"
- (b) The CFS has been prepared under the historical cost convention in accordance with the generally accepted accounting principles ("GAAP") in India, as adopted by the Company and the applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis
- (c) The preparation of the financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statement, the reported income and expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of its financial statements are prudent and reasonable. Actual results could differ from these estimates

2. Principles of Consolidation

- (a) The CFS has been prepared by the Company in accordance with Accounting Standards (AS) 21 on "Consolidated Financial Statements", AS 27 on "Financial Reporting of Interests in Joint Ventures" and AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements"

Investments in Associates are accounted for under the equity method in accordance with AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements"

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses

In case of foreign subsidiaries, revenue items are consolidated by applying the average rate prevailing during the year to the foreign currency amounts. All assets and liabilities are consolidated by applying the rates prevailing at the year end to the foreign currency amounts. Shareholder's funds are consolidated by applying the transaction date rates to the foreign currency amounts

- (b) The accounting policies of subsidiaries have been adjusted, as necessary and to the extent practicable, so as to ensure consistent accounting within the Group
- (c) The excess of cost of the Group's investments in each subsidiary, jointly controlled entity and associates over the Group's share in equity of such entities, at the date on which such investment is made, is recognised as Goodwill and included as an asset in the Consolidated Balance Sheet. The excess of the Group's share in equity of each subsidiary, jointly controlled entity and associates at the date on which the investment is made, over the cost of the investment is recognised as Capital Reserve and included as Reserves and Surplus under Shareholders' Equity in the Consolidated Balance Sheet
- (d) Minority interest in the net assets of subsidiaries consists of amounts of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the dates of investments
- (e) The financial statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2010 except for one overseas subsidiary viz. Elsamex S.A. whose audited financial statements (incorporating the financial statements of its subsidiaries, jointly controlled operations and its associates) have been drawn for a period of twelve months up to 31st December, 2009 and adjusted for effects of significant transactions and other events that have occurred between 1st January, 2010 and 31st March, 2010

SCHEDULES

forming part of the Consolidated Financial Statements

3. The list of subsidiaries, which are included in the CFS with their respective country of incorporation and the Group's holding therein for each of the financial years are given below:

| Name of the Subsidiary / Scheme | Country of Incorporation | Proportion of Group's Interest | | Date of Acquisition of Control |
|---|--------------------------|--------------------------------|---------|--------------------------------|
| | | 2009-10 | 2008-09 | |
| 1. Held directly: | | | | |
| Gujarat Road and Infrastructure Company Limited (GRICL) | India | 83.61 | 83.61 | January 11, 2007 |
| East Hyderabad Expressway Limited (EHXL) | India | 73.99 | 73.99 | September 5, 2007 |
| ITNL Road Infrastructure Development Company Limited (IRIDCL) (Formerly known as ITNL Chhattisgarh Road Infrastructure Company Limited (ICRICL)) | India | 100.00 | 100.00 | January 17, 2008 |
| ILFS Maritime Offshore Pte. Limited, (IMOPL) (up to 29th September 2008) | Singapore | - | 80.00 | November 29, 2007 |
| ITNL International Pte. Limited (IIPL) | Singapore | 100.00 | 100.00 | September 19, 2008 |
| ITNL Enso Rail Systems Limited (ENSO) | India | 70.00 | 57.50 | February 4, 2008 |
| Vansh Nimay Infraprojects Limited (VNIPL) (Formerly known as Vansh Nimay Infraprojects Private Limited) | India | 80.00 | 80.00 | March 25, 2009 |
| Scheme of ITNL Road Investment Trust (IRIT) | India | 100.00 | 100.00 | March 13, 2007 |
| Elsamex SA (includes 22.61 % shares held through IIPL, previous year 24.43%) | Spain | 100.00 | 100.00 | March 18, 2008 |
| West Gujarat Expressway Limited (WGEL) [through control over the composition of Board of Directors] | India | 49.00 | - | June 10, 2009 |
| Hazaribagh Ranchi Expressway Limited (HREL) | India | 73.88 | - | August 1, 2009 |
| Pune Sholapur Road Development Company Limited (PSRDCL) | India | 99.88 | - | September 25, 2009 |
| Mordabad Bareilly Expressway Limited (MBEL) | India | 99.88 | - | February 4, 2010 |
| Jharkhand Road Projects Implementation Company Limited (JRPICL) | India | 99.88 | - | February 27, 2010 |
| 2. Held through subsidiaries: | | | | |
| North Karnataka Expressway Limited (NREL) | India | 74.50@ | 74.50@ | March 21, 2007 |
| Rapid Metro Gurgaon Limited | India | 100.00 | - | July 30, 2009 |
| Inversiones Tyndrum S. A. | Spain | 100.00 | 100.00 | March 18, 2008 |
| Proyectos y Promociones Inmobiliarias Sanchez Marcos S L | Spain | 100.00 | 100.00 | March 18, 2008 |
| Atenea Seguridad y Medio Ambiente S.A. | Spain | 95.02 | 95.02 | March 18, 2008 |
| Progescan SA | Spain | 100.00 | 100.00 | March 18, 2008 |
| Intevia SA | Spain | 100.00 | 100.00 | March 18, 2008 |
| Sanchez Marcos SI SA | Spain | 100.00 | 100.00 | March 18, 2008 |
| Senalizacion Viales e Imagen S.A.U. (SEVIMAGEN) S.A.U. | Spain | 100.00 | 68.59 | March 18, 2008 |
| Elsamex Internacional SRL | Spain | 100.00 | 100.00 | March 18, 2008 |
| Grusamar Ingenieria y Consulting SRL | Spain | 100.00 | 100.00 | March 18, 2008 |
| Elsamex Portugal Engenharia e SG SA | Portugal | 70.01 | 70.01 | March 18, 2008 |
| Intevial Gestao Integral Rodoviaria, S.A. | Portugal | 100.00 | 88.73 | March 18, 2008 |
| Elsamex India Private Limited | India | 70.00 | 70.00 | March 18, 2008 |
| Yala Construction Co Private Limited | India | 70.00 | 70.00 | March 18, 2008 |

SCHEDULES

forming part of the Consolidated Financial Statements

| Name of the Subsidiary / Scheme | Country of Incorporation | Proportion of Group's Interest | | Date of Acquisition of Control |
|--|--------------------------|--------------------------------|---------|--------------------------------|
| | | 2009-10 | 2008-09 | |
| Mantenimiento and Conservacion Vialidades SA (MANCOVI) Mexico Construccion | Mexico | 64.00 | 56.00 | March 18, 2008 |
| Especialidades en Construcciones y Mantento Integral SA de CV | Mexico | - | 52.00 | March 18, 2008 |
| ESM Mantenimiento Integral de SA de CV | Mexico | 100.00 | 99.00 | March 18, 2008 |
| Centro De Investigación Elpidio Sánchez Marcos, S.A. | Spain | 100.00 | 100.00 | March 18, 2008 |
| Control 7, S.A | Spain | 100.00 | 99.90 | March 18, 2008 |
| Geotecnia 7 | Spain | 100.00 | 51.00 | March 18, 2008 |
| Ecoasphalt Construction Company Private Limited | India | 70.00 | 70.00 | March 18, 2008 |
| Grusamar Albania SHPK | Albania | 51.00 | 51.00 | March 18, 2008 |

@ Out of the above 25.50% is held directly by the Company and balance 49.00% through the scheme of IRIT

The financial position and results (before eliminations) of WGEL, PSRDCL HREL, MBEL and JRIPCL, which became subsidiaries during the year, are given below:

Rupees in Million

| | WGEL | PSDRCL | HREL | MBEL | JRIPCL |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Sources of Funds as at | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 |
| Shareholders' Funds | 664.26 | 1,601.70 | 654.45 | 2,216.35 | 1,261.64 |
| Loan Funds | 1,973.84 | - | 291.58 | - | 1,818.82 |
| Deferred Tax Liabilities (net) | 29.16 | - | - | - | - |
| | 2,667.26 | 1,601.70 | 946.03 | 2,216.35 | 3,080.46 |
| Application of Funds as at | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 |
| Fixed Assets (net block) | 2,777.46 | 2,413.89 | 0.45 | 1,160.25 | 0.12 |
| Investments | - | - | - | - | - |
| Net Current Assets | (110.20) | (812.19) | (397.53) | 1,056.10 | 833.16 |
| Receivable against Service Concession Arrangements | - | - | 1,343.11 | - | 2,247.17 |
| | 2,667.26 | 1,601.70 | 946.03 | 2,216.35 | 3,080.45 |
| Income for the year ended | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 |
| Income from Operations | 262.87 | - | - | - | - |
| Construction Contract Revenue | - | 2,400.88 | 1,343.11 | 1,160.25 | 2,247.17 |
| Other Income | 63.62 | 3.70 | - | 0.09 | - |
| | 326.49 | 2,404.58 | 1,343.11 | 1,160.34 | 2,247.17 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| | WGEL | PSDRCL | HREL | MBEL | JRIPCL |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses for the year ended | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 |
| Construction Contract Costs | - | 2,400.89 | 1,343.11 | 1,160.25 | 2,247.17 |
| Operation & Other expenses | 124.36 | 0.45 | 0.50 | 0.34 | 0.50 |
| Interest and finance charges | 218.44 | - | - | - | - |
| Depreciation | 88.28 | 0.51 | 0.04 | - | 0.01 |
| Total Expenses | 431.08 | 2,401.85 | 1,343.65 | 1,160.59 | 2,247.68 |
| Profit/(Loss) for the year before tax | (104.59) | 2.75 | (0.54) | (0.25) | (0.51) |
| Taxes | 35.55 | 1.05 | - | - | - |
| Profit/(Loss) for the year after tax | (69.04) | 1.70 | (0.54) | (0.25) | (0.51) |

March 31, 2009

The financial position and results (before eliminations) of I IPL and VNIPL, which became subsidiaries during the previous year, are given below

Rupees in Million

| | I IPL | VNIPL |
|---|-----------------------|---------------|
| Sources of Funds as at | March 31, 2009 | |
| Shareholders' Funds | 232.29 | 100.00 |
| Loan Funds | 2,369.17 | 201.08 |
| | 2,601.46 | 301.08 |
| Application of Funds as at | March 31, 2009 | |
| Fixed Assets (net block) | - | 242.85 |
| Investments | 964.90 | 0.44 |
| Net Current Assets / (Liabilities) | 1,339.24 | (13.38) |
| Foreign Currency Translation Reserve | 233.93 | - |
| Profit & Loss Account | 63.40 | 71.17 |
| | 2,601.47 | 301.08 |
| Income for the year ended | March 31, 2009 | |
| Income from Operations | 40.22 | 4.94 |
| Other Income | - | 0.67 |
| | 40.22 | 5.01 |
| Expenses for the year ended | March 31, 2009 | |
| Operation & Other expenses | 1.54 | 4.42 |
| Interest and finance charges | 94.56 | 1.21 |
| Depreciation | - | 1.80 |
| | 96.10 | 7.43 |
| Profit/(Loss) for the year before tax | (55.88) | (2.42) |
| Taxes | 7.51 | (0.01) |
| Profit/(Loss) for the year after tax | (63.39) | (2.41) |

SCHEDULES

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Income and Expenditure of Elsamex S. A. (on a consolidated basis) considered in the preparation of the CFS for the year ended 31st March 2009 is as below:

| Rupees in Million | |
|---|-----------------|
| Income for the period April 1, 2008 to December 31, 2008 | |
| Income from Operations | 8,116.81 |
| Other Income | 332.99 |
| | 8,449.80 |
| Expenses for the period April 1, 2008 to December 31, 2008 | |
| Operation & Other expenses | 8,259.91 |
| Depreciation | 278.17 |
| | 8,538.08 |
| Profit/(Loss) for the year | (88.28) |

4. Interest in Jointly Controlled Entities :

- The financial statements (consolidated financial statements where applicable) of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method
- The accounting policies in the jointly controlled entities have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company
- The Group's interest in jointly controlled entities are

| Name of the Company | Country of Incorporation | Date of Acquisition of Joint Control | Proportion of Group's Interest | |
|--|--------------------------|--------------------------------------|--------------------------------|---------|
| | | | 2009-10 | 2008-09 |
| Noida Toll Bridge Company Limited (NTBCL) | India | Various dates | 25.35 | 25.35 |
| Tamil Nadu Road Development Company Limited (TNRDCL) (* up to September 30, 2008) | India | June 14, 2006 | - | 49.00* |

Footnote:

- The TNRDCL group includes IT Expressway Limited, which is 100% subsidiary
- The NTBCL Group includes ITNL Toll Management Services Limited subsidiary of NTBCL, which is also an associate of the Company

5. Interest in Jointly Controlled Operations:

- The financial statements (including consolidated financial statements where applicable) of the jointly controlled operations have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as required by AS 27 using the proportionate consolidation method. The financial statements of the jointly controlled operations are prepared by the respective operators in accordance with the requirements prescribed by the joint operating agreements of the jointly controlled operations
- The accounting policies of jointly controlled operations have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company

SCHEDULES

forming part of the Consolidated Financial Statements

(c) The Group's interest in jointly controlled operations are :

| Name of the Jointly Controlled Operations | Proportion of Group's Interest | |
|---|--------------------------------|---------|
| | 2009-10 | 2008-09 |
| Ute Elsamex Arias | 75% | 75% |
| Elsamex-Arias Ute Conservación Coruña li | 60% | 60% |
| Elsamex-Infraestructuras Terrestres | 80% | 80% |
| Elsamex- Modecar Ute Chenlo | 80% | 80% |
| Ute Elsamex Arias Oca Conservación Orense | 50% | 50% |
| Ute Elsamex Grusamar | 50% | 50% |
| Ute Elsamex-Alpidesa | 50% | 50% |
| Elsamex-Iberseñal Ute Señalización Madrid | 60% | 60% |
| Elsamex-Opsa Ute Peri Serrano Uribe | 80% | 80% |
| Elsamex-Fitonovo Ute Casa Del Queso | 50% | 50% |
| Elsamex-Const.Cesfer Ute San Jerónimo | 50% | - |
| Elsamex-Torrescamara Ute Presas | 50% | 50% |
| Elsamex-Opsa Ute Campo Futbol Blanca | 50% | 50% |
| Grusamar-Elsamex-Atenea Ute Seguridad Vial Murcia | 30% | - |
| Elsamex-Cauchil Ute Elsamex- Cauchil Jaen | 80% | 80% |
| Cauchil – Elsamex Ute Guadahortuna | 50% | 50% |
| Elsamex-Cauchil Ute Sierra Nevada | 50% | 50% |
| Elsamex-Cauchil Ute Estepona | 50% | 50% |
| Elsamex- Prointec Ute R4 | 50% | 50% |
| Api Conservacion-Elsamex Ute Teruel li | 50% | 50% |
| Elsan Pacsa-Elsamex Ute Navalvillar De Pela li | 50% | 50% |
| Elsamex-Sando Ute li Conservación A-395 | 50% | - |
| Elsamex-Sando Ute Refuerzo Del Firme A-395 | 50% | 50% |
| Elsamex-Asfaltos Uribe Este Señal Ute Durango li | 45% | 45% |
| Elsamex-Lopesan Ute Conservación Zona Sur | 50% | 50% |
| Elsamex-Tecnoseñal | 50% | - |
| Serop-Elsamex Ute Mantenimiento Serop-Elsamex | 50% | 50% |
| Elsamex-Const.Hispánica Ute Peaje La Jonquera | 50% | 50% |
| Ute Elsamex Mag 3 | 40% | 40% |
| Ute Mag 3 Elsamex | 60% | 60% |
| Elsamex-Asfaltos Urretxu Ute Itziar | 50% | 50% |
| Elsamex-Tractores Y Obras | 50% | 50% |
| Ute Elsamex-Tyosa Obras Públicas | 50% | 50% |
| Ute Garcilen - Elsamex | 50% | 50% |
| Ute Elsamex - Garcilen | 50% | 50% |
| Elsamex-Velasco Ute Polideportivos Latina | 50% | 50% |
| Elsamex-Velasco Ute Polideportivos Hortaleza | 50% | 50% |
| Elsamex-Velasco Ute Polideportivos Tetuán | 50% | 50% |
| Corsan Corviam-Elsamex Ute Corelsa | 50% | 50% |
| Elsamex-Oca Ute Coruña lii | 70% | 70% |
| Asfaltos Uribe-Norte Industrial-Construcciones Eder-Elsamex Ute Vizcaya lii | 28% | 28% |
| Elsamex-Rubau Ute Argentona | 50% | - |
| Elsamex- Martín Casillas Ute Conservación Cádiz | 50% | - |
| Sice-Elsamex Ute Sice Fuente El Fresno li | 50% | - |

SCHEDULES**forming part of the Consolidated Financial Statements**

| Name of the Jointly Controlled Operations | Proportion of Group's Interest | |
|--|--------------------------------|---------|
| | 2009-10 | 2008-09 |
| Elsamex-Vimac Ute Vimac 01 | 50% | - |
| Elsamex-Oca Ute Conservación Orense Iii | 50% | - |
| Ute Abedul Orihuela | 25% | 25% |
| Ute Area Zamora | 25% | 25% |
| Ute Abedul Zamora | 25% | 25% |
| Ute Area Leon | 25% | 25% |
| Ute Abedul Villavidel | 25% | 25% |
| Ute Abedul Cáceres | 25% | 25% |
| Ute Abedul Ponferrada | 25% | 25% |
| Atenea – Grusamar Ute Andalucía | 20% | 20% |
| Atenea – Grusamar Ute Asturias | 20% | 20% |
| Ute Elsamex – Grusamar | 50% | 50% |
| Grusamar – Intevía Ute Jaen | 50% | 50% |
| Grusamar- Consulting Proyectos Y Sistemas Ute Variante Sueca | 60% | 60% |
| Grusamar – Kv Consultores Ute Puerto De Mahon | 80% | 80% |
| Grusamar – Progescan Ute Areas De Servicio | 70% | 70% |
| Atenea – Grusamar Ute Medio Ambiente-Comunidad Valenciana | 50% | 50% |
| Ute Kv-Grusamar Zaragoza | 50% | 50% |
| Grusamar- Ineco- Inastecan Ute Arucas | 40% | 40% |
| Betancourt-Grusamar Ute Osuna | 50% | 50% |
| Betancourt –Grusamar Ute Rio Alhama | 50% | - |
| Gusamar – Ineco Ute Inversiones 2008 | 50% | 50% |
| Ute Grusamar – OHS Ingeniería Y Urbanismo Ute Travesía De Hermigua | 50% | 50% |
| Ute Grusamar – Inastecan | 60% | 60% |
| Grusamar – Inastecán Ute Expropiación | 50% | 50% |
| Betancourt – Grusamar Ute Linares | 50% | 50% |
| Sener- Grusamar Ute | 50% | 50% |
| Grusamar – Betancourt Ute Abastecimiento Huelva | 50% | 50% |
| Grusamar – Prover Ute Zeneta San Javier | 50% | 50% |
| Grusamar- Elsamex – Atenea Ute Seguridad Vial Murcia | 50% | - |
| Grusamar – Inserco Ute Santas Martas Palanquinos | 50% | - |
| Intevia-Grusamar-Dair Ute Seguridad Vial Bizkaia | 10% | 10% |
| Intevia-Grusamar Ute Seguridad Vial Norte | 30% | 30% |
| Atenea – Grusamar Ute Andalucía | 80% | 80% |
| Atenea – Grusamar Ute Asturias | 80% | 80% |
| Atenea – Consulnima Ute Consultea | 50% | 50% |
| Atenea – Iz Ingenieros Ute Atda Embalse De Flix | 50% | 50% |
| Atenea – Laboratorio Del Noroeste Ute Corredor, Bion-Noia | 80% | 80% |
| Atenea – Basoinsa Ute Atda Bergara Zizurkil | 50% | 50% |
| Pycsa – Atenea | 50% | 50% |
| Atenea – Grusamar Ute Medio Ambiente-Comunidad Valenciana | 50% | 50% |
| Atenea – Inastecan Ute Supervision Baleares 2008 | 80% | 80% |
| Grusamar Elsamex Atenea Ute Seguridad Vial Murcia | 20% | - |
| Intevia-Grusamar-Dair Ute Seguridad Vial Bizkaia | 60% | - |

SCHEDULES

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| Name of the Jointly Controlled Operations | Proportion of Group's Interest | |
|--|--------------------------------|---------|
| | 2009-10 | 2008-09 |
| Intevia-Grusamar Ute Seguridad Vial Norte | 70% | - |
| Dair -Intevia | 50% | - |
| Grusamar - Intevía Ute Jaen | 50% | - |
| Ute Ciesm- Labiker | 80% | 80% |
| Geotecnia Y Cimientos- Ciesm Ute Geotecnia-Ciesm | 35% | 35% |
| Compañía General De Sondeos-Geoteyco-Emcosa-Ciesm-Sondeos Del Sur Ute 6/2004 | 23% | 23% |
| Cgs-Geoteyco-Ciesm-Enmacosa Ute 2/2006 | 25% | 25% |
| Geoteyco-Cgs-Ciesm-Enmacosa 2/2008 | 24% | - |
| Ute Boca Chica Sucursal Dominicana | 100% | 100% |
| Ute Conservacion Grupo Sur | 100% | 100% |
| Ute Corredores Viales De Colombia | 50% | 50% |
| Ute Romana Sucursal Dominicana | 100% | 100% |
| Ute Cgs Geoteyco-Ciesm | - | 30% |
| Ute Cgs Geoteyco-Ciesm | - | 30% |
| Ute Ciesm Enmacosa-Geot | - | 24% |
| Ute Elsamex Arias Coruna | - | 60% |
| Ute Petisa Elsamex-Ciesm | - | 20% |
| Ute Prointec-Grusamar Ingenieria | - | 50% |
| Ute Torreperogil | - | 50% |

6. Investments in Associates:

- (a) An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and / or operating policy decisions of such enterprises. In accordance with AS 23 the investments are carried in the Consolidated Balance Sheet at cost as adjusted by post acquisition changes in the Group's share in the Reserves and Surplus of Associates
- (b) The accounting policies of associates have been adjusted as necessary and to the extent practicable, so as to ensure consistent accounting with the policies stipulated by the Company

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(c) Details of associates and ownership interest are as follows:

| Name of the Company | Country of Incorporation | Proportion of Group's Interest | |
|--|--------------------------|--------------------------------|---------|
| | | 2009-10 | 2008-09 |
| 1. Held directly | | | |
| West Gujarat Expressway Limited (WGEL) (up to June 9, 2009) | India | - | 48.99 |
| Andhra Pradesh Expressway Limited (APEL) | India | 48.99 | 48.99 |
| Thiruvananthapuram Road Development Company Limited (TRDCL) | India | 49.99 | 49.99 |
| Kohinoor CTNL Infrastructure Company Limited (KCICL) (up to September 29, 2008) | India | - | 46.39 |
| ITNL Toll Management Services Limited (ITMSL) (see footnote below) | India | 48.99 | 48.99 |
| Narketpally Adanki Expressway Limited (w.e.f. 29.12.2009) | India | 49.94 | - |
| Warora Chandrapur Ballarpur Toll Roads Limited (w.e.f. 11.01.2010) | India | 34.98 | - |
| 2. Held through Subsidiaries | | | |
| Centro de Investigaciones de Curretros Andalucía S.A. | Spain | 49.00 | 49.00 |
| Labetec Ensayos Técnicos Canarios, S.A. | Spain | 50.00 | 50.00 |
| CGI 8 S.A. | Spain | 49.00 | 48.00 |
| Zheisiang Elsamex Road Tech. Co. # | China | 40.29 | 40.29 |
| Sociedad Concesionaria Autovía A-4 Madrid S.A | Spain | 48.75 | 48.75 |
| Abedul AIE | Spain | 25.00 | 25.00 |
| VCS-Enterprises Limited * | India | 30.00 | 30.00 |
| Yala Construction Company Limited | Thailand | 33.33 | 33.33 |
| Ramky Elsamex Ring Road Limited, Hyderabad # | India | 26.00 | 26.00 |
| MIRNA 2006 AIE | Spain | - | 25.00 |

Foot notes:

* Consolidated using unaudited financial statements for the year ended December 31, 2009

Consolidated using unaudited financial statements for the year ended December 31, 2008

ITMSL is a subsidiary of NTBCL which is consolidated as a Joint Venture Entity

7. Goodwill on consolidation

- Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition
- Goodwill arising from the acquisition of associates is included in the value of the holdings in the associate
- Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Profit and Loss Account
- Goodwill on acquisition of the foreign subsidiary is restated at the rate prevailing at the end of the year

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8. 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

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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

9. 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 9(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

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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 (Refer Note no. 10 of Schedule P to the financial statements)

10. 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

11. 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

12. 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

13. 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

14. 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

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- (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

15. 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
- (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

16. 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

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(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

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

17. 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

18. 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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19. 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"

20. 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

21. 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

22. 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
- (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

23. 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

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- (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

24 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

25. 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

26. 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"

27. Preliminary Expenses

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

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Schedule P : NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2010

1. Public issue of equity shares

During the year, the Company issued 22,852,938 equity shares having a face value of Rs.10 per share at a price of Rs. 258 per share (including share premium of Rs. 248 per share) through an initial public offering ("IPO")

Out of the proceeds aggregating Rs. 5,896.06 Million, a sum of Rs. 228.53 Million was credited to Share Capital and the balance amount of Rs. 5,667.53 Million was credited to Securities Premium Account. Share issue expenses aggregating Rs. 290.48 Million (excluding Rs. 48.66 Million incurred on behalf of a shareholder whose holdings were divested at the time of the IPO and which sum is recoverable from the shareholder) have been charged to the Securities Premium Account in accordance with the provisions of section 78(2) of the Companies Act, 1956

Out of the share issue expenses, a sum of Rs. 201.14 Million payable to vendors as at March 31, 2010, towards share issue expenses has been offset against the total share issue expenses (as there was no outflow of cash or cash equivalents during the year) and the net sum of Rs. 138.00 Million, classified under the head "Cash Flows from Financing Activities" in the Cash Flow Statement for the year ended March 31, 2010

The utilisation / temporary deployment (pending utilisation) of the issue proceeds is tabulated below:

| Particulars | Rupees in Million | |
|--|-------------------------------------|---|
| | Amount utilised upto March 31, 2010 | Temporary deployment pending utilisation as at March 31, 2010 |
| Payments towards share issue expenses | 12.59 | |
| Repayment of debt | 2,500.00 | |
| Investment in units of mutual funds | | 2,500.00 |
| In current accounts with scheduled banks | | 883.47 |
| Total | 2,512.59 | 3,383.47 |

The amount lying in current accounts as at the year end Rs. 883.47 Million has been included as a part of the Cash and Cash Equivalents in the Cash Flow Statement for the year ended March 31, 2010. The utilisation of this amount is restricted to the objects of the IPO

2. Capital Commitments

| Particulars | Rupees in Million | |
|--|----------------------|----------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for including advances paid aggregate Rs. 3,968.83 Million (previous year Rs. 1,522.62 Million) | 15,186.50 | 6,594.18 |
| (b) Exercise price payable in respect of call option contracts | 15.11 | 25.31 |
| (c) The Group has entered into arrangements to make the following investments, which are subject to fulfilment of certain precedent conditions: | | |
| i) Sociedad Operadora del Tren Rapido Interrubano de Guanajuato "SOTRIG" – Rs. Nil Million (Previous Year USD 60.00 Million) | | |
| ii) North Tollways Corporation Ltd. – Nil (Previous Year 67.10% of the equity stake, amount not quantified) | | |

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- (d) In respect of investment in special purpose entities
- i. Narketpalli Addanki Expressway Limited – Contribution to Equity Share Capital of Rs. 1,199.75 Million (Previous year Rs. Nil) against which advances paid aggregate Rs. Nil (Previous year Rs. Nil)
 - ii. Subscription to Covered Warrants to be issued by Infrastructure Leasing & Financial Services Limited equivalent to its investment at 7,400,000 equity shares each held in Chhattisgarh Highways Development Company Limited and Jharkhand Accelerated Road Development Company Limited

3. Contingent Liabilities

| Particulars | Rupees in Million | |
|--|--------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| (a) In respect of performance guarantees issued on behalf of the Group by banks | 5,836.47 | 3,129.43 |
| (b) Income tax demands contested by Group | 34.81 | 9.94 |
| (c) Claims against the Group not acknowledged as debt (share in associates Rs. Nil, previous year Rs. 150.00 Million) | 448.64 | 169.53 |
| (d) In respect of guarantees issued to Foreign Banks | 805.79 | 204.89 |
| (e) Corporate Guarantees issued to Foreign Banks | 605.60 | 398.13 |
| (f) Counter guarantee issued to Infrastructure Leasing & Financial Services Limited (IL&FS) against guarantees furnished by IL&FS | 457.08 | 1,102.62 |
| (g) In terms of the approved restructuring package, the lenders of a subsidiary have a right of recompense, in respect of the sacrifices undertaken by them on account of reduction in interest rates and waiver of compound interest and liquidated damages, in the event of the projects' cash flows (after adjusting the operating costs) are in excess of the revised debt servicing requirements. | Not Ascertainable | Not Ascertainable |
| (h) The stamp duty on transfer of immovable properties, consequent to merger of the erstwhile Vadodara Halol Toll Road Company Ltd. (VHTRL) and the erstwhile Ahmedabad Mehsana Toll Road Company Ltd. (AMTRL) with the subsidiary Company, Gujarat Road and Infrastructure Company Limited (GRICL), is under adjudication. GRICL is a custodian of the toll roads under the concession arrangements and the toll roads are to be handed over to the Government of Gujarat at the end of the concession period. Therefore, GRICL paid stamp duty computed at 0.75 percent of the face value of equity shares issued under the scheme of amalgamation to the shareholders of VHTRL and AMTRL. Pending completion of the adjudication process, GRICL has sought legal advice from its solicitors to assess the amount of additional liability that could devolve on it. Based on the legal advice received, the Group has assessed that the possibility of any additional liability devolving on it on this account to be remote | | |
| (i) A letter of financial support has been issued to Chhattisgarh Highway Development Company Limited, a fellow subsidiary, to enable it to continue operations and meet its financial obligations as and when they fall due, during the period October 1, 2009 to March 31, 2011 | | |

The Group does not expect any outflow of economic resources for the above and therefore no provisions is made in respect thereof

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4. The Group's percentage holding in various joint ventures are given below

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|---------------------------|-------------------------|-------------------------|
| Name of the joint venture | % holding | % holding |
| NTBCL | 25.35 | 25.35 |
| TNRDCL# | - | 49.00 |

As the Group has ceased to have joint control over TNRDCL with effect from October 29, 2008, and the investments in that entity were held for disposal, the Group was unable to obtain the necessary information to make the necessary adjustments so as to ensure consistent accounting with the policies stipulated by the Group. The investment in TNRDCL was disposed off on November 12, 2009

The proportionate share in assets, liabilities, income and expenditures in NTBCL is included in these CFS is given below:

| Particulars | Rupees in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Assets | | |
| Net Block (including capital work progress) | 1,199.61 | 1,211.51 |
| Investments | 56.82 | 48.29 |
| Toll Equalisation Reserve | 333.23 | 333.23 |
| Current Assets | 25.38 | 5.29 |
| Loans and advances | 52.02 | 13.26 |
| | 1,667.06 | 1,611.58 |
| Liabilities | | |
| Reserves and surplus | 478.89 | 395.31 |
| Secured Loans | 428.35 | 502.14 |
| Current liabilities | 40.90 | 39.09 |
| Provisions | 68.09 | 24.68 |
| | 1,016.23 | 961.22 |

| Particulars | Rupees in Million | |
|---------------------------------------|---|---|
| | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
| Income | | |
| Income from Operations | 212.67 | 236.25 |
| Other Income | 4.60 | 3.18 |
| | 217.27 | 239.43 |
| Expenses | | |
| Operating and Administrative Expenses | 60.66 | 89.98 |
| Depreciation | 11.65 | 15.77 |
| Interest | 43.55 | 52.76 |
| Taxes - Current Tax | 17.44 | 11.49 |
| - Deferred tax | - | (0.14) |
| - Fringe Benefit Tax | - | 0.46 |
| | 133.30 | 170.32 |

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| Particulars | Rupees in Million | |
|--------------------------|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| - Contingent Liabilities | 8.75 | 6.31 |
| - Capital Commitment | - | 1,27 |

5. Preference Shares

One subsidiary viz. GRICL had originally issued Cumulative Redeemable Convertible Preference Shares (CRCPS) carrying 1% dividend, which were to be redeemed at the end of the 13th year from the date of allotment at a premium of 60% on the par value. These shares also carried an option to convert the cumulative amount (including the redemption premium of 60%) into Deep Discount Bonds (DDBs) at the end of the 13th year at a value calculated based on the issue price of Rs. 17.38 each at the time of conversion and having a maturity value of Rs. 153.98 each redeemable over a period of 3 years commencing from the 5th year from the date of allotment of the DDBs. However, consequent to the restructuring of the Company's corporate debt, the subscribers to the CRCPS agreed to a revision in the terms thereof to the effect that the dividend becomes non-cumulative and the CRCPS will become Non-Cumulative Redeemable Convertible Preference Shares (NRCPS) with effect from April 1, 2004. As a result, the base price and the redemption price of each DDB stood modified; these prices will be determined at the end of the 13th Year

As a part of the restructuring package approved by the Corporate Debt Restructuring Cell, the subsidiary is not permitted to declare any dividend on equity or preference shares without making good the sacrifices of the lenders

The accumulated premium accrued on Redeemable Convertible Preference Shares as at March 31, 2010, aggregates Rs. 120.65 Million (previous year Rs. 104.51 Million) and the tax on distribution thereof aggregates Rs. 20.14 Million (previous year Rs. 17.76 Million)

6. Advance Towards Capital

As required under the restructuring package of GRICL approved by the Corporate Debt Restructuring Cell on June 17, 2004, two promoters of a subsidiary viz. GRICL had advanced an aggregate sum of Rs. 450.00 Million as advance towards share capital. The subsidiary intends to convert these advances into subordinated debt. Pending completion of the approval process, the subsidiary (and the Group) has classified the amount as an Advance towards Capital/debt

7. Secured Loans

(a) Redemption of Deep Discount Bonds / Non-Convertible Debenture issued by a Subsidiary:

- (i) 2,000 Deep Discount Bonds (DDBs) issued by one subsidiary company viz., GRICL at Rs. 50,000 each are redeemable at Rs. 274,721 each at the end of the 15th year from the deemed date of allotment (i.e. July 1, 2003)
- (ii) 60,000 Deep Discount Bonds (DDBs) issued by GRICL at Rs. 5,000 each would be redeemed at Rs. 33,498 each at the end of 16th year, with a "take-out" option at the end of 8th year at Rs. 11,937 each from the dates of allotment (47,000 DDBs allotted on April 17, 2000, 3,000 DDBs allotted on April 18, 2000, and Rs. 11,886 each in respect of 10,000 DDBs allotted on November 30, 2000)
- (iii) In April 2008, IL&FS and Infrastructure Development Finance Company Limited (IDFC) agreed to provide "take-out" finance assistance to GRICL in respect of the 60,000 DDBs of Rs. 5,000 each aggregating Rs. 300.00 Million (Rs. 100.00 Million by IL&FS and Rs. 200.00 Million by IDFC) referred to in 7(a) (ii) above in the event the 'take-out' option is exercised by the bondholders

Of the above mentioned DDBs for which the "take-out" option was available in April 2008 (i.e. 47,000 DDBs allotted on April 17, 2000, 3,000 DDBs allotted on April 18, 2000 and 10,000 DDBs allotted on November 30, 2000) holders of 24,652 DDB have exercised the "take-out" option.

Of the above mentioned DDBs, holders of 24,652 DDBs exercised their take out option. IL&FS has purchased its agreed share of 8,217 DDBs (1/3rd of 24,652 DDBs) from such DDB holders. In respect of balance 16,435 DDBs, IDFC has provided the take out finance in the form of loan to GRICL to pay out such other DDB holders

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GRICL is awaiting clearance from IDFC for cancellation of DDBs. In the meantime the DDBs to the extent, the holders have been paid out, have been reduced from the liabilities and the loan of Rs. 139.71 Million (previous year Rs. 175.38 Million) received from IDFC has been classified as a part of "Secured Loans" from Financial Institutions in Schedule C

- iv. The balance outstanding against Deep Discount Bonds (DDBs) includes accrued interest aggregating Rs. 602.96 Million (previous year Rs 500.07 Million) which is payable at the time of redemption of the DDBs
- v. 4,000 Non-Convertible Debentures issued by the above subsidiary on July 1, 2003, at Rs. 50,000 each are redeemable / repayable in five equal annual instalments of Rs. 40.00 Million each commencing at the end of 11th year from the date of allotment (i.e. July 1, 2003)
- (b) Zero Coupon Bonds (Series B) of the face value of Rs. 100 each (ZCBs) issued by a jointly controlled entity to banks, financial institutions and others towards the Net Present Value of the sacrifice made by the lenders by way of reduction in interest rates from the contracted terms. The ZCBs are repayable not later than March 31, 2014
- (c) 10,815 Deep Discount Bonds (DDBs) of Rs. 5,000 each issued by a jointly controlled entity are redeemable at a maturity value of Rs. 20,715 per DDB at the end of the 16th year from the date of allotment (November 3, 1999). The Group's share in the liability as at March 31, 2010, Rs. 36.01 Million (previous year Rs. 33.19 Million) has been included in the schedule C to the CFS
- (d) Borrowings from banks includes term loan availed by Elsamex SA which are secured by pledge of 171,959 equity shares held by the Group in Elsamex SA

8. Deferred Tax

The Group entities have net deferred tax liabilities aggregating Rs. 778.66 Million (previous year Rs. 647.06 Million) as at March 31, 2010

A breakdown of the components of deferred tax assets and liabilities is furnished below:

| Particulars | Rupees in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Liabilities: | | |
| Timing differences in respect of income | 1,807.58 | 1,817.17 |
| Timing differences in respect of depreciation | - | - |
| Assets: | | |
| Timing differences in respect of depreciation | (138.28) | (374.14) |
| Timing differences in respect of employee benefits | (6.59) | (5.44) |
| Timing differences in respect of unabsorbed depreciation | (765.83) | (714.20) |
| Timing differences in respect of provision for doubtful debts | (2.64) | (1.43) |
| Timing differences in respect of provision for overlay | (115.58) | (74.90) |
| Net deferred tax liability / (asset) | 778.66 | 647.06 |

Note: The Group has not recognised any Deferred Tax Asset against provision for diminution in the absence of virtual certainty of future taxable capital gains against which diminution could be offset

9. Intangible assets and amortisation

During the year 2006-07, the Group incurred a cost of Rs. 60.00 Million for acquiring commercial rights under the "Operations and Maintenance" agreement ("O&M Contract") for one of its road projects from the erstwhile contractor. Under the terms of the O&M Contract, the Group is entitled to routine maintenance price and the operation price for maintaining and operating the project. The Group expects benefits under the O&M contract to accrue until the end of the concession period which is not expected to be earlier than May 12, 2029. Accordingly, the expenditure incurred by the Group for acquisition of the rights is treated as an intangible asset and is being amortised on a straight line basis over the minimum balance period of the concession i.e. 22 years and 7 months (from the date of acquisition of the said rights)

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- 10.** Toll Receivable Account includes Rs. 1,565.47 Million being the aggregate shortfall in the assured return up to September 30, 2003, as adjusted for margin recognised during construction, as per the terms of the Concession Agreements in respect of the two road projects in a subsidiary. The amount was recognised with a corresponding credit to the General Reserve of the subsidiary pursuant to the Order dated May 18, 2005 passed by the Honorable High Court of Gujarat at Ahmedabad, sanctioning the Scheme of Amalgamation of the two toll road companies with the subsidiary

Similarly, pursuant to the orders passed by the Honourable High Courts of Allahabad and Delhi dated March 22, 2007 and May 21, 2007, approving a scheme of amalgamation, a jointly controlled entity, had also recognised an amount in the Toll Receivable Account. After making appropriate adjustments on account of the construction margin, a sum of Rs. 333.23 Million has been included as the Group's share in the Toll Equalisation Account

- 11.** The Group's investment in "Covered Warrants" aggregating Rs. 500.00 Million (Previous Year Rs. 500.00 Million), issued by IL&FS are variable interest debt instruments under which the holder is entitled to a proportionate share of the dividend, if any, declared by Road Infrastructure Development Company of Rajasthan ('RIDCOR') on 50.00 Million (Previous year 50.00 Million) equity shares of Rs. 10 each held by IL&FS and on any further rights, entitlements and bonus declarations in respect thereof. However, the Group is not entitled to rights and privileges which IL&FS enjoys as a shareholder. The instrument is unsecured and the principal amount is redeemable at par not later than a period of 35 years from the date of issue (i.e. by March 15, 2042). The Group's investment in the said "Covered Warrants" is included under "Investments"

12. Derivatives and foreign currency exposures

- (a) The Company as a part of its strategic initiatives to consolidate/restructure its investments in surface transport sector, has made direct investments in certain special purpose entities ("SPEs") engaged in that sector and also invested in units in a scheme of ITNL Road Investment Trust ("the Scheme") which in turn has made investments in such SPEs. Amounts invested include derivative instruments in the form of call options
- (b) The amounts outstanding as at March 31, 2010, in respect of derivative transactions are summarised below:

| Category | No of instruments | Rupees in Million | |
|--|-------------------|---------------------|------------------------|
| | | Call option premium | Exercise price payable |
| Call option of Equity Shares in a subsidiary bought from IL&FS | 1 | 1.25 | 1.25 |
| | | (1.25) | (1.25) |
| Call option of Redeemable Optionally Convertible Cumulative Preference Shares to be issued by an associate (bought from IL&FS) | | - | - |
| | | (188.70) | (10.20) |
| Call option of Equity Shares of a subsidiary held by minority | 1 | 55.68 | 1.48 |
| | | (55.68) | (1.48) |
| Call option of Equity Shares of a subsidiary (bought from IL&FS) held by minority | 2 | 71.94 | 3.79 |
| | | (71.94) | (3.79) |
| Call option of Equity Shares of an associate (bought from IL&FS) | 3 | 163.28 | 8.59 |
| | | (163.28) | (8.59) |

Note: Figure in brackets relate to previous year

- (c) Premiums paid by the Group towards call options purchased by it have been aggregated under the head "Option Premium Assets" and classified as a part of "Other Current Assets"
- (d) The underlying instruments in respect of the options are unquoted and the Group intends to exercise options as these transactions have been entered into for strategic reasons. No losses have been identified in respect of the above derivatives necessitating a charge to the Profit and Loss Account. The aggregate exercise price payable is included as part of the Group's capital commitments

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As per the call option agreements dated March 14, 2007 in the event of material breach committed by the subsidiary the call option premium paid by the scheme is not refundable

- (e) The year-end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

| | | Rupees in Million | Foreign Currency in Million |
|----------------------|----|-------------------|--------------------------------|
| Receivable | | | |
| As at March 31, 2010 | a. | 401.50 | DOP 328.38 |
| | b. | 3.74 | ARS 0.32 |
| | c. | 94.98 | COP 4,118.73 |
| | d. | 1.19 | THB 0.86 |
| | e. | 6.31 | HNL 2.70 |
| | f. | 0.01 | ECS 0.29 |
| | g. | 0.07 | IDR 143.99 |
| | h. | 3.28 | MXN 0.91 |
| | i. | 7.11 | ALL 16.60 |
| | j. | 15.65 | USD 0.35 |
| Payable | | | |
| As at March 31, 2010 | a. | 307.55 | DOP 0.01 |
| | b. | 0.20 | ARS 0.01 |
| | c. | 12.71 | COP 551.36 |
| | d. | 10.00 | THB 7.21 |
| | e. | 0.96 | HNL 0.41 |
| | f. | 0.01 | ECS 0.21 |
| | g. | 0.49 | IDR 99.57 |
| | h. | 0.39 | MXN 0.11 |
| | i. | 3.13 | ALL 7.32 |
| | j. | 12.34 | USD 0.27 |
| | h. | 9.91 | EURO 0.16 |

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Previous year

| | | Rupees in Million | Foreign Currency in Million |
|----------------------|----|----------------------|--------------------------------|
| Receivable | | | |
| As at March 31, 2009 | a. | 596.95 | DOP 405.45 |
| | b. | 13.66 | ARS 0.97 |
| | c. | 261.82 | COP 12,455.62 |
| | d. | 119.21 | MXN 35.86 |
| | e. | 440.41 | HNL 156.12 |
| | f. | 19.80 | ECS 9,487.73 |
| | g. | 246.12 | RUPIAH 54,476.40 |
| | h. | 21.87 | ALL 40.88 |
| | i. | 9.14 | THB 6,17 |
| | j. | 50.07 | USD 0.98 |
| Payable | | | |
| As at March 31, 2009 | a. | 769.41 | DOP 522.58 |
| | b. | 1.03 | ARS 0.01 |
| | c. | 108.90 | COP 5,180,63 |
| | d. | 318.78 | MXN 95,89 |
| | e. | 31.15 | HNL 11.04 |
| | f. | 68.30 | ECS 32,725.48 |
| | g. | 132.12 | RUPIAH 29,242.84 |
| | h. | 45.47 | ALL 85.01 |
| | i. | 3.13 | THB 2,11 |
| | j. | 26.90 | USD 0.53 |
| | k. | 0.30 | LKR 0.67 |

Note: USD = US Dollar; DOP = Dominican Pesos, ARS = Argentine Pesos, COP = Colombian Pesos, MXN = Mexican Pesos, HNL = Honduran Lempira, ECS = Ecuador Sucro, RUPIAH = Indonesian Rupia, ALL = Albanian Lek, THB = Thai Baht, EUR = Euro, LKR = Lankan Rupees, NOK = Norwegian Kroner and GBP = Great Britain Pound, SGD = Singapore Dollar, IDR = Indonesian Rupiah

- (f) The movement in hedging reserve held by a subsidiary during the year ended March 31, 2010 for derivatives designated as Cash Flow Hedges is as follow:

| | Year ended March 31, 2010 | Rupees in Million Year ended March 31, 2009 |
|---|------------------------------|---|
| Balance at the beginning of the year | (176.92) | - |
| Changes in the fair value of effective portion of outstanding cash flow derivatives | (94.61) | (176.92) |
| Balance at the end of the year | (271.53) | (176.92) |

- 13.** Sundry Creditors include a sum of Rs. 28.73 Million (previous year Rs. 28.73 Million) being dues on account of commitment charges payable to IL&FS for providing an irrevocable Revolving Line of Credit of Rs. 1,000.00 Million to a subsidiary for Debt Service Reserve Fund which could be used by the subsidiary to service its debts in the event of shortfall of funds. This sum is payable to IL&FS only after repayment of term loans and Deep Discount Bonds issued by the subsidiary

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14. Employee Benefit Obligations:

Defined-Contribution Plans

- (i) The Group offers its employees defined contribution benefits in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Group pay predetermined contributions into the provident fund and pension fund, contributions to superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary
- (ii) A sum of Rs. 19.22 Million (previous year Rs. 13.12 Million) has been charged to the consolidated Profit and Loss Account in this respect

Defined-Benefit Plans

The Group offers its employees defined-benefit plans in the form of gratuity (a lump sum amount). Amounts payable under defined benefit plans are typically based on years of service rendered and the employee's eligible compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. In the case of the gratuity scheme, the Group contributes funds to the Life Insurance Corporation of India which administers the scheme on behalf of the Group. Commitments are actuarially determined at year end. Actuarial valuation is based on "Projected Unit Credit" method

Gains and losses due to changes in actuarial assumptions are charged to the Profit and Loss Account

The net value of the defined-benefit commitment is detailed below

| | Rupees in Million | |
|--|---------------------------------|--------------------------|
| | As at March 31, 2010 | As at March, 31, 2009 |
| Present value of commitment | 28.80 | 21.50 |
| Fair value of plans | (35.27) | 26.41 |
| Prepaid amount taken to the balance sheet | (6.47) | (4.91) |

Defined Benefit Commitments

| | Rupees in Million | |
|--|---------------------------------|--------------------------|
| Gratuity | As at March 31, 2010 | As at March, 31, 2009 |
| Opening balance | 21.50 | 21.64 |
| Adjustment on account of new acquisition | - | 0.26 |
| Interest cost | 1.59 | 1.20 |
| Current service cost | 7.41 | 6.44 |
| Benefits paid | (1.37) | (11.88) |
| Actuarial (gain) / loss | (0.33) | 4.31 |
| Adjustment on account of disposal of a joint venture | | (0.47) |
| Closing balance | 28.80 | 21.50 |

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Plan Assets

| Gratuity | Rupees in Million | |
|--|-------------------------|--------------------------|
| | As at March 31, 2010 | As at March, 31, 2009 |
| Opening balance | 26.41 | 23.07 |
| Expected return on plan assets | 2.34 | 1.74 |
| Contributions by the Company / Group | 4.63 | 15.00 |
| Benefits paid | (1.37) | (11.88) |
| Adjustment on account of disposal of a joint venture | - | (0.43) |
| Actuarial gain /(loss) | 3.26 | (1.10) |
| Fair value of plan assets | 35.27 | 26.41 |

The plan assets are managed by Life Insurance Corporation of India and the Group does not have details as to the investment pattern

Return on Plan Assets

| Gratuity | Rupees in Million | |
|--------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
| Expected return on plan assets | 2.34 | 1.74 |
| Actuarial gain /(loss) | 3.26 | (1.10) |
| Actual Return on Plan Assets | 5.60 | 0.64 |

Expenses on defined benefit plan recognised in the Profit and Loss Account

| | Rupees in Million | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
| Current service cost | 7.41 | 6.44 |
| Interest expenses | 1.59 | 1.21 |
| Expected return on investments | (2.34) | (1.74) |
| Net actuarial (gain) / loss | (3.59) | 5.41 |
| Reimbursement Received | - | (1.29) |
| Expenses charged to Profit and Loss account | 3.07 | 10.03 |

- (i) The actuarial calculations to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed would affect the defined benefit commitment's size, funding requirements and pension expense

| | Rupees in Million | |
|----------------------------------|---|------------------------------|
| | For the year ended March 31, 2010 | |
| | Group entities other than a jointly controlled entity | Jointly controlled entity |
| Rate for discounting liabilities | 7.75% -8.25% | 7.75% |
| Expected salary increase rate | 4.00%-4.50% | 4.50% |
| Expected return on scheme assets | 7.75% -8.00% | 5.00% |
| Attrition date | 2.00% | Not disclosed |
| Mortality table used | LIC (1994-96) Ultimate | Not disclosed |

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Rupees in Million

| | For the year ended March 31, 2010 | |
|----------------------------------|--|--|
| | Group entities including a jointly controlled entity | One of the jointly controlled entities |
| Rate for discounting liabilities | 7.50% | 7.50% |
| Expected salary increase rate | 4.00% | 4.00% |
| Expected return on scheme assets | 8.00% | 5.00% |
| Attrition rate | 2.00% | 2.00% |
| Mortality table used | LIC (1994-96) Ultimate | Not disclosed |

- (ii) The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market
- (iii) The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the current period and previous three annual periods is given below:

Rupees in Million

| Gratuity (Funded Plan) | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2008 | As at March 31, 2007 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Defined benefit commitments | 28,80 | 21,50 | 21.64 | 4.99 |
| Plan Assets | 35.26 | (26,41) | (23.07) | (9.33) |

Rupees in Million

| Gratuity (Funded Plan) | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2008 | As at March 31, 2007 |
|---|----------------------|----------------------|----------------------|----------------------|
| Unfunded liability transferred from group companies | - | - | 0.07 | - |
| (Surplus) / Deficit | (6.46) | (4.91) | (1.36) | (4.34) |

Rupees in Million

| Gratuity (Funded Plan) | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2008 | As at March 31, 2007 |
|--|----------------------|----------------------|----------------------|----------------------|
| Experience adjustments on plan commitments | (0.87) | 6.22 | 8.99 | 1.36 |
| Experience adjustments on plan assets | 0.15 | (1.34) | (0.93) | 0.10 |

- (iv) The contribution expected to be made by some of the constituents of the Group during the financial year 2010-11 has not been ascertained

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15. Leases

(A) Operating Lease

The Group holds certain properties under a non-cancellable operating lease. The Group's future lease rentals under the operating lease arrangements as at the year-end are as under:

(a) For entities other than jointly controlled entities

| Future Lease rentals | Rupees in Million | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
| Within one year | 459.00 | 8.82 |
| Over one year but less than 5 years | 164.79 | 35.15 |
| More than 5 years | 8.24 | - |
| Amount charged to the Profit and Loss Account for rent | 29.90 | 35.65 |

The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to Company to renew the lease or purchase the properties. The agreements provide for changes in the rentals if the taxes leviable on such rentals change

(B) Finance Leases

(a) Subsidiaries

| | Rupees in Million | | |
|--|-----------------------|---|---------------|
| | Minimum Lease Payment | Present value of minimum lease payments | Lease Charges |
| Amount payable not later than one year | 185.25 | 172.75 | 12.49 |
| | (275.18) | (267.11) | (8.07) |
| Amount payable later than one year but not later than five years | 185.04 | 172.44 | 12.60 |
| | (392.00) | (329.32) | (62.68) |
| Amount payable later than five years | 55.81 | 50.91 | 4.90 |
| | (75.65) | (64.61) | (11.04) |
| Total | 426.10 | 396.10 | 29.99 |
| | (742.83) | (661.04) | (81.79) |

Note: Figures in brackets denote amounts pertaining to previous year

(b) Jointly controlled entities

A jointly controlled entity had taken a vehicle under finance lease. The reconciliation of minimum lease payments and their present value is as under:

| | Rupees in Million | | |
|--|-----------------------|---|---------------|
| | Minimum Lease Payment | Present value of minimum lease payments | Lease Charges |
| Amount payable not later than one year | 0.57 | 0.52 | 0.05 |
| | (0.69) | (0.57) | (0.12) |
| Amount payable later than one year but not later than five years | 0.14 | 0.13 | 0.01 |
| | (0.67) | (0.65) | (0.02) |
| Total | 0.71 | 0.65 | 0.04 |
| | (1.36) | (1.22) | (0.14) |

Note: Figures in brackets denote amounts pertaining to previous year

- 16.** During the year ended March 31, 2010, a subsidiary received a grant of Rs. 289.56 Million (previous year Rs. 271.78 Million) which has been adjusted against the "Receivable under service concession arrangements"

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17. Disclosure as required by the AS 18 on “Related Party Disclosures” are made below

I. Current year

a. Name of the related parties and description of relationship

| Nature of Relationship | Name of Entity | Acronym used |
|------------------------|---|-------------------|
| Holding Company : | Infrastructure Leasing & Financial Services Limited | IL&FS |
| Fellow Subsidiaries | IL&FS Financial Services Limited (Erst while IL&FS Finvest Ltd.) | IFIN |
| | IL&FS Infrastructure Development Corporation Limited | IIDCL |
| | IL&FS Maritime Infrastructure Company Limited | IMICL |
| | IL&FS Water Limited | IWL |
| | IL&FS Property Management & Services Limited | IPMSL |
| | IL&FS Securities Services Limited | ISSL |
| | IL&FS Waste Management & Urban Service Limited | IWMUSL |
| | IL&FS Trust Company Limited | ITCL |
| | Chhattisgarh Highways Development Company Limited | CHDCL |
| | Tamil Nadu Water Investment Company Limited | TWICL |
| | IL&FS Urban Infrastructure Services Limited | IUISL |
| | IL&FS Renewable Energy Limited | IREL |
| | IL&FS Education & Technology Services Limited | IETS |
| | Jharkhand Accelerated Road Development Company Limited | JARDCL |
| | IL&FS Infrastructure Equity Fund | IIEF |
| | IL&FS Urban Infrastructure Managers Limited | IUIML |
| | IL&FS Cluster Development Initiatives Company Limited | ICDICL |
| Associates | Andhra Pradesh Expressway Limited | APEL |
| | ITNL Toll Management Services Limited | ITMSL |
| | Narketpally Addanki Expressway Limited | NAEL |
| | Thiruvananthapuram Road Development Company Limited | TRDCL |
| | Warora Chandrapur Ballarpur Tollroad Limited | WCBTL |
| | West Gujarat Expressway Limited (up to 9 th June 2009) | WGEL |
| | Labtec Ensayos Tecnicos Canarios S.A. | LABTEC |
| | Centro De Investigacion De Carreteras De Andalucia S.A. | CICAN |
| | CGI-8, S.A. | CGI-8 |
| | Intevial Gestao Integral Rodoviaria, S.A. | IGIRSA |
| | Ramky Elsamex Hyderabad Ring Road | REHRR |
| | Sociedad Concesionaria Autovia A-4 Madrid S.A. | A4 CONCESSION |
| | Zheisiang Elsamex Road Tech Company | Zheisiang Elsamex |
| | Yala Construction Company Limited | Thailand |
| | VCS Enterprises Limited | VCSEL |
| Co - Venture | Noida Toll Bridge Company Limited | NTBCL |
| | New Okhla Industrial Development Authority | NOIDA |

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| Nature of Relationship | Name of Entity | Acronym used |
|--------------------------|---|--------------|
| Key Management personnel | Mr K Ramchand-Managing Director | |
| | Mr Mukund Sapre-Executive Director | |
| | Mr. Sanjiv Rai - Director of a Subsidiary | |
| | Mr. Jagdish Aggarwal - Manager of a Subsidiary | |
| | Mr. Mukund Sapre - Chief Executive Officer of a Subsidiary | |
| | Mr. Ankit Sheth - Manager & Company Secretary of a Subsidiary | |
| | Mr Narayanan Doraiswamy- Manager of a Subsidiary | |
| | Mr Sanjay Minglani - Manager of a Subsidiary | |
| | Mr. Cherian George - Managing Director of a Subsidiary | |
| | Mr. Pradeep Puri - President & Chief Executive Officer of a Jointly Controlled Entity | |
| | Ms. Monisha Madeco - Manager of a Jointly Controlled Entity | |
| | Mr M K Mohan – Managing Director of a Subsidiary | |
| | Mr Mihir Panchmatiya – Manager of a Subsidiary | |

SCHEDULES

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(b) Transaction with above mentioned related parties (Mentioned in Note 17(I) (a) above)

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|-----------------|---------------------|-----------------|-----------------|--------------------------|-----------------|
| Balances | | | | | | |
| Advance towards capital | | | | | | |
| IIEF | - | 150.00 | - | - | - | 150.00 |
| | - | 150.00 | - | - | - | 150.00 |
| Advance Towards Investments | | | | | | |
| Advance Towards Investments made | | | | | | - |
| TRDCL | - | - | 40.30 | - | - | 40.30 |
| | - | - | 40.30 | - | - | 40.30 |
| Asset Management Fees | | | | | | |
| IUIML | - | 0.02 | - | - | - | 0.02 |
| | - | 0.02 | - | - | - | 0.02 |
| Commitment Charges payable | | | | | | |
| ILFS | 28.73 | - | - | - | - | 28.73 |
| | 28.73 | - | - | - | - | 28.73 |
| Corporate Deposit Placed | | | | | | |
| ILFS | 22.57 | - | - | - | - | 22.57 |
| | 22.57 | - | - | - | - | 22.57 |
| Creditors | | | | | | |
| IPMSL | - | 1.21 | - | - | - | 1.21 |
| | - | 1.21 | - | - | - | 1.21 |
| Debt Syndication Fees | | | | | | |
| IFIN | - | 209.37 | - | - | - | 209.37 |
| | - | 209.37 | - | - | - | 209.37 |
| Debtors | | | | | | |
| APEL | - | - | 109.19 | - | - | 109.19 |
| TRDCL | - | - | 53.79 | - | - | 53.79 |
| Others | - | 11.17 | - | - | - | 11.17 |
| | - | 11.17 | 162.98 | - | - | 174.15 |
| Guarantee given to the lender of the Company | | | | | | |
| ILFS | 729.00 | - | - | - | - | 729.00 |
| | 729.00 | - | - | - | - | 729.00 |
| Interest Accrued but not due | | | | | | |
| APEL | - | - | 168.51 | - | - | 168.51 |
| Others | 0.78 | - | - | - | - | 0.78 |
| | 0.78 | - | 168.51 | - | - | 169.29 |
| Investment | | | | | | |
| ILFS | 500.50 | - | - | - | - | 500.50 |
| APEL | - | - | 951.53 | - | - | 951.53 |
| Others | - | - | 130.92 | - | - | 130.92 |
| | 500.50 | - | 1,082.45 | 1,397.19 | - | 1,582.95 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|-----------------|---------------------|-----------------|--------------|--------------------------|-----------------|
| Loan Given | | | | | | |
| APEL | - | - | 1,304.60 | - | - | 1,304.60 |
| | - | - | 1,304.60 | - | - | 1,304.60 |
| Loan Taken | | | | | | |
| Non Convertible Debentures | | | | | | |
| ILFS | 2,961.25 | - | - | - | - | 2,961.25 |
| | 2,961.25 | - | - | - | - | 2,961.25 |
| Payable on Current Account | | | | | | |
| ILFS | 26.54 | - | - | - | - | 26.54 |
| IETS | - | 42.93 | - | - | - | 42.93 |
| IFIN | - | 47.19 | - | - | - | 47.19 |
| JARDCL | - | 18.67 | - | - | - | 18.67 |
| Others | - | 1.12 | - | 0.13 | - | 1.25 |
| | 26.54 | 109.91 | - | 0.13 | - | 136.59 |
| Receivable on Current Account | | | | | | |
| APEL | - | - | 21.99 | - | - | 21.99 |
| Others | 0.00 | 4.06 | - | - | - | 4.06 |
| | 0.00 | 4.06 | 21.99 | - | - | 26.06 |
| Security Trusteeship Fees | | | | | | |
| Security Trusteeship Fees | | | | | | |
| ITCL | - | 7.02 | - | - | - | 7.02 |
| | - | 7.02 | - | - | - | 7.02 |
| Equity option premium | | | | | | |
| ILFS | 1.25 | - | - | - | - | 1.25 |
| | 1.25 | - | - | - | - | 1.25 |
| Zero Coupon Bonds Series B | | | | | | |
| ILFS | 16.90 | - | - | - | - | 16.90 |
| | 16.90 | - | - | - | - | 16.90 |
| Call Option Premium | | | | | | |
| ILFS | 235.21 | - | - | - | - | 235.21 |
| | 235.21 | - | - | - | - | 235.21 |
| Investment Equity Instrument | | | | | | |
| REHRR | - | - | 117.27 | - | - | 117.27 |
| A4 Concession | - | - | 184.39 | - | - | 184.39 |
| Others | - | - | 25.20 | - | - | 25.20 |
| | - | - | 326.86 | - | - | 326.86 |
| Credits With Associated | | | | | | |
| A4 Concession | - | - | 213.18 | - | - | 213.18 |
| Zhejiang Elsamex | - | - | 108.41 | - | - | 108.41 |
| Others | - | - | 19.41 | - | - | 19.41 |
| | - | - | 340.99 | - | - | 340.99 |
| Short Term Liability | | | | | | |
| VCSEL | - | - | 0.13 | - | - | 0.13 |
| | - | - | 0.13 | - | - | 0.13 |
| Short Term Liability - Creditors | | | | | | |
| Cican | - | - | 9.76 | - | - | 9.76 |
| Others | - | - | 0.69 | - | - | 0.69 |
| | - | - | 10.44 | - | - | 10.44 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|-----------------|---------------------|--------------|--------------|--------------------------|---------------|
| Current Assets - Client | | | | | | |
| Labetec | - | - | 10.60 | - | - | 10.60 |
| Cican | - | - | 19.16 | - | - | 19.16 |
| A4 Concession | - | - | 9.70 | - | - | 9.70 |
| Zhejiang Elsamex | - | - | 14.57 | - | - | 14.57 |
| VCSEL | - | - | 13.45 | - | - | 13.45 |
| Others | - | - | 2.68 | - | - | 2.68 |
| | - | - | 70.16 | - | - | 70.16 |
| Transactions | | | | | | |
| Advance Towards Investments made | | | | | | |
| NAEL | - | - | 0.25 | - | - | 0.25 |
| WCBTL | - | - | 0.17 | - | - | 0.17 |
| | - | - | 0.42 | - | - | 0.42 |
| Asset Management Fees | | | | | | |
| IUIML | - | 2.04 | - | - | - | 2.04 |
| | - | 2.04 | - | - | - | 2.04 |
| Corporate Deposit Placed | | | | | | |
| ILFS | 120.48 | - | - | - | - | 120.48 |
| | 120.48 | - | - | - | - | 120.48 |
| Corporate Deposit Recived Back | | | | | | |
| ILFS | 107.91 | - | - | - | - | 107.91 |
| | 107.91 | - | - | - | - | 107.91 |
| DDB Trusteeship fees | | | | | | |
| ITCL | - | 0.11 | - | - | - | 0.11 |
| | - | 0.11 | - | - | - | 0.11 |
| Debt Syndication Fees | | | | | | |
| IFIN | - | 311.11 | - | - | - | 311.11 |
| | - | 311.11 | - | - | - | 311.11 |
| Deputation Cost Incurred | | | | | | |
| ILFS | 24.16 | - | - | - | - | 24.16 |
| | 24.16 | - | - | - | - | 24.16 |
| Deputation Cost Recovered | | | | | | |
| JARDCL | - | 5.12 | - | - | - | 5.12 |
| APEL | - | - | 14.55 | - | - | 14.55 |
| Others | - | 1.31 | - | - | - | 1.31 |
| | - | 6.44 | 14.55 | - | - | 20.99 |
| Dividend payment | | | | | | |
| ILFS | 168.75 | - | - | - | - | 168.75 |
| | 168.75 | - | - | - | - | 168.75 |
| Guarantee Commission | | | | | | |
| ILFS | 18.87 | - | - | - | - | 18.87 |
| | 18.87 | - | - | - | - | 18.87 |
| Interest Expense - STL | | | | | | |
| ILFS | 374.05 | - | - | - | - | 374.05 |
| ISSL | - | 218.67 | - | - | - | 218.67 |
| Others | - | 27.16 | - | - | - | 27.16 |
| | 374.05 | 245.83 | - | - | - | 619.88 |

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Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|------------------|---------------------|-----------------|--------------|--------------------------|------------------|
| Interest Income | | | | | | |
| ILFS | 23.16 | - | - | - | - | 23.16 |
| APEL | - | - | 131.89 | - | - | 131.89 |
| Others | - | - | 3.59 | - | - | 3.59 |
| | 23.16 | - | 135.48 | - | - | 158.64 |
| Investment in Call Money - Matured | | | | | | |
| ILFS | 10,860.00 | - | - | - | - | 10,860.00 |
| | 10,860.00 | - | - | - | - | 10,860.00 |
| Investment in Call Money made | | | | | | |
| ILFS | 10,650.00 | - | - | - | - | 10,650.00 |
| | 10,650.00 | - | - | - | - | 10,650.00 |
| Investment made | | | | | | |
| ILFS | 0.50 | - | - | - | - | 0.50 |
| NAEL | - | - | 0.25 | - | - | 0.25 |
| WCBTL | - | - | 0.17 | - | - | 0.17 |
| | 0.50 | - | 0.42 | - | - | 0.92 |
| Loan Given | | | | | | |
| APEL | - | - | 1,104.60 | - | - | 1,104.60 |
| Others | - | - | - | - | 10.02 | 10.02 |
| | - | - | 1,104.60 | - | 10.02 | 1,114.62 |
| Loan Received Back | | | | | | |
| TRDCL | - | - | 35.00 | - | - | 35.00 |
| | - | - | 35.00 | - | - | 35.00 |
| Loan Repaid | | | | | | |
| ILFS | 4,251.72 | - | - | - | - | 4,251.72 |
| ISSL | - | 4,700.00 | - | - | - | 4,700.00 |
| Others | - | 860.00 | - | - | - | 860.00 |
| | 4,251.72 | 5,560.00 | - | - | - | 9,811.72 |
| Loan Taken | | | | | | |
| ILFS | 3,027.20 | - | - | - | - | 3,027.20 |
| IFIN | - | 860.00 | - | - | - | 860.00 |
| ISSL | - | 4,700.00 | - | - | - | 4,700.00 |
| | 3,027.20 | 5,560.00 | - | - | - | 8,587.20 |
| Payable on Current Account | | | | | | |
| APEL | - | - | 0.01 | - | - | 0.01 |
| | - | - | 0.01 | - | - | 0.01 |
| Purchase of Assets | | | | | | |
| IETS | - | 4.98 | - | - | - | 4.98 |
| | - | 4.98 | - | - | - | 4.98 |
| Receivable on Current Account | | | | | | |
| APEL | - | - | 6.04 | - | - | 6.04 |
| | - | - | 6.04 | - | - | 6.04 |
| Remuneration | | | | | | |
| Mr K Ramchand | - | - | - | - | 23.47 | 23.47 |
| Mr Mukund Sapre | - | - | - | - | 11.71 | 11.71 |
| Mr Jagdish Aggarwal | - | - | - | - | 5.69 | 5.69 |
| Others | - | - | - | - | 3.82 | 3.82 |
| | - | - | - | - | 44.69 | 44.69 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|--|-----------------|---------------------|---------------|--------------|--------------------------|---------------|
| Security Trusteeship Fees | | | | | | - |
| ITCL | - | 13.86 | - | - | - | 13.86 |
| Others | 1.10 | - | - | - | - | 1.10 |
| | 1.10 | 13.86 | - | - | - | 14.97 |
| Services Received | | | | | | - |
| ILFS | 124.90 | - | - | - | - | 124.90 |
| Others | - | 11.66 | - | - | - | 11.66 |
| | 124.90 | 11.66 | - | - | - | 136.56 |
| Take out Assitance Fee | | | | | | - |
| ILFS | 1.83 | - | - | - | - | 1.83 |
| | 1.83 | - | - | - | - | 1.83 |
| Training Material purchased | | | | | | - |
| IETS | - | 30.62 | - | - | - | 30.62 |
| | - | 30.62 | - | - | - | 30.62 |
| Investment made in Redeemable optionally Convertible Cumulative Preference Shares | | | | | | - |
| ILFS | 198.90 | - | - | - | - | 198.90 |
| | 198.90 | - | - | - | - | 198.90 |
| Services Rendered | | | | | | - |
| APEL | - | - | 53.99 | - | - | 53.99 |
| TRDCL | - | - | 75.05 | - | - | 75.05 |
| A4 Concession | - | - | 42.34 | - | - | 42.34 |
| Others | 0.34 | 0.33 | 24.82 | - | - | 25.50 |
| | 0.34 | 0.33 | 196.20 | - | - | 196.87 |
| Security & Documentation Charges | | | | | | - |
| IFIN | - | 50.91 | - | - | - | 50.91 |
| | - | 50.91 | - | - | - | 50.91 |

SCHEDULES

forming part of the Consolidated Financial Statements

II. Previous Year

a. Name of the related parties and description of relationship

| Nature of Relationship | Name of Entity | Acronym used |
|------------------------|--|------------------------|
| Holding Company | Infrastructure Leasing & Financial Services Limited | IL&FS |
| Fellow Subsidiaries : | IL&FS Energy Development Co Limited | IEDCL |
| | IL&FS Financial Services Limited (Erst while IL&FS Finvest Ltd.) | IFIN |
| | IL&FS Infrastructure Development Corporation Limited | IIDCL |
| | IL&FS Maritime Infrastructure Co Limited | IMICL |
| | IL&FS Water Limited | IWL |
| | IL&FS Property Management & Services Limited | IPMSL |
| | IL&FS Securities Services Limited | ISSL |
| | IL&FS Waste Management & Urban Service Limited | IWMUSL |
| | IL&FS Trust Company Limited | ITCL |
| | Chhattisgarh Highways Development Co Limited | CHDCL |
| | Tamil Nadu Water Investment Co Limited | TWICL |
| | IL&FS Investment Managers Limited | IIML |
| | IL&FS Ecosmart Limited | IEL |
| | IL&FS Urban Infrastructure Services Ltd | IUISL |
| | IL&FS Renewable Energy Limited | IREL |
| | IL&FS Education & Technology Services Limited | IETS |
| | IL&FS Urban Infrastructure Managers Limited | IUIML |
| | Jharkhand Accelerated Road Development Co Ltd | JARDCL |
| | IL&FS Infrastructure Equity Fund | IIEF |
| | IL&FS Cluster Development Initiatives Co Limited | ICDICL |
| Associates | Andhra Pradesh Expressway Limited | APEL |
| | Thiruvananthapuram Road Development Company Limited | TRDCL |
| | West Gujarat Expressway Limited | WGEL |
| | Kohinoor CTNL Infrastructure Company Limited | KCICL |
| | ITNL Toll Management Services Limited | ITMSL |
| | Centro De Investigacion De Carreteras De Andalucia S.A. | CICAN |
| | CGI-8, S.A. | CGI-8 |
| | Labtec Ensayos Tecnicos Canarios S.A. | LABTEC |
| | VCS-Elsamex India Pvt. Ltd. | Elsamex VCS |
| | A4 CONCESSION | A4 CONCESSION |
| | ERTC China | ERTC China |
| | JV Geoteyco Control 7 | JV Geoteyco Control 7 |
| | Ramky Hyderabad Concession | Ramky |
| | Sevimagen SA (former shareholders) | Sevimagen SA |
| | UTE ABEDUL Villavidels | UTE ABEDUL Villavidels |
| | SIMCA | SIMCA |

SCHEDULES

forming part of the Consolidated Financial Statements

| Nature of Relationship | Name of Entity | Acronym used |
|--------------------------|---|----------------------|
| Co - Venture | New Okhla Industrial Development Authority | NOIDA |
| | EPTISA Elsamex CIESM | EPTISA Elsamex CIESM |
| | JVs Atenea | JVs Atenea |
| | Jvs. Grusamar | Jvs. Grusamar |
| | JVs. Intevia | JVs. Intevia |
| | Intertoll Management Services BV | INTERTOLL |
| | JVs. CIESM | JVs. CIESM |
| | JVs Elsamex | JVs Elsamex |
| | CIESM | CIESM |
| | Geotecnia 7 | Geotecnia 7 |
| | Intevia SA | Intevia SA |
| | Grusamar SA | Grusamar SA |
| Key Management personnel | Mr K Ramchand-Managing Director (from August 14, 2008) | |
| | Mr Mukund Sapre-Executive Director (from August 14, 2008) and CEO of GRICL | |
| | Mr. Ajay Menon (Manager upto August 13, 2008) | |
| | Mr. Sanjiv Rai - Director of a Subsidiary | |
| | Mr. Jagdish Aggarwal - Manager of a Subsidiary | |
| | Mr. S K Verma - Manager of a Subsidiary | |
| | Mr. Ankit Sheth - Manager & Company Secretary (from 6th December, 2008) of a Subsidiary | |
| | Mr. Vikram Joshi - Manager & Company Secretary (upto July 15, 2008) of a Subsidiary | |
| | Mr. Cherian George - Managing Director of a Subsidiary | |
| | Mr. Pradeep Puri - President & Chief Executive Officer of a Jointly Controlled Entity | |
| | Ms. Monisha Macedo - Manager of a Jointly Controlled Entity | |
| | Mr. Ajay Dhawangale - Director of a Subsidiary (Upto October 07, 2008) | |
| | Mr. Neeraj Kapadia - Director of a Subsidiary (Upto October 07, 2008) | |
| | Mr. Jayesh Somaya - Director of a Subsidiary (Upto October 07, 2008) | |

SCHEDULES

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(b) Transactions with related parties (Mentioned in Note 17(II) (a) above)

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|-----------------|---------------------|-----------------|---------------|--------------------------|-----------------|
| Balances | | | | | | |
| Advance Towards Capital | | | | | | |
| IIEF | - | 150.00 | - | - | - | 150.00 |
| | - | 150.00 | - | - | - | 150.00 |
| Advance Towards Investments | | | | | | |
| TRDCL | - | - | 40.30 | - | - | 40.30 |
| | - | - | 40.30 | - | - | 40.30 |
| Call Option Premium (Receivable) | | | | | | |
| IL&FS | 235.21 | - | - | - | - | 235.21 |
| IIEF | - | 55.68 | - | - | - | 55.68 |
| | 235.21 | 55.68 | - | - | - | 290.89 |
| commitment Charges payable | | | | | | |
| IL&FS | 28.73 | - | - | - | - | 28.73 |
| | 28.73 | - | - | - | - | 28.73 |
| Credits with Associated | | | | | | |
| A4 Concession | - | - | 9.95 | - | - | 9.95 |
| | - | - | 9.95 | - | - | 9.95 |
| Current Assets - Client | | | | | | |
| A4 Concession | - | - | 176.01 | - | - | 176.01 |
| Co-Venture | - | - | - | 162.63 | - | 162.63 |
| Others | - | - | 6.42 | - | - | 6.42 |
| | - | - | 182.43 | 162.63 | - | 345.06 |
| Debtors | | | | | | |
| IL&FS | 18.50 | - | - | - | - | 18.50 |
| TRDCL | - | - | 75.89 | - | - | 75.89 |
| APEL | - | - | 60.64 | - | - | 60.64 |
| Others | - | 11.67 | - | - | - | 11.67 |
| | 18.50 | 11.67 | 136.53 | - | - | 166.70 |
| Interest Accrued but not due | | | | | | |
| APEL | - | - | 49.81 | - | - | 49.81 |
| Others | 0.12 | - | 7.17 | - | - | 7.30 |
| | 0.12 | - | 56.98 | - | - | 57.10 |
| Investment | | | | | | |
| IL&FS | 500.00 | - | - | - | - | 500.00 |
| APEL | - | - | 951.53 | - | - | 951.53 |
| WGEL | - | - | 196.00 | - | - | 196.00 |
| Others | - | - | 130.49 | - | - | 130.49 |
| | 500.00 | - | 1,278.03 | - | - | 1,778.03 |
| Investment Equity Instrument | | | | | | |
| A4 Concession | - | - | 26.90 | - | - | 26.90 |
| CICAN | - | - | 12.62 | - | - | 12.62 |
| Labetec | - | - | 8.54 | - | - | 8.54 |
| Ramky | - | - | 21.59 | - | - | 21.59 |
| Others | - | - | 5.84 | - | - | 5.84 |
| | - | - | 75.49 | - | - | 75.49 |

SCHEDULES**forming part of the Consolidated Financial Statements**

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|--|-----------------|---------------------|---------------|---------------|--------------------------|-----------------|
| Investment in Call Money | | | | | | |
| IL&FS | 210.00 | - | - | - | - | 210.00 |
| | 210.00 | - | - | - | - | 210.00 |
| Loans Given | | | | | | |
| APEL | - | - | 200.00 | - | - | 200.00 |
| TRDCL | - | - | 35.00 | - | - | 35.00 |
| WGEL | - | - | 35.00 | - | - | 35.00 |
| Managerial Remuneration | - | - | - | - | 0.16 | 0.16 |
| | - | - | 270.00 | - | 0.16 | 270.16 |
| Loans Payable | | | | | | |
| IL&FS | 2,385.18 | - | - | - | - | 2,385.18 |
| | 2,385.18 | - | - | - | - | 2,385.18 |
| Long Term Liability | | | | | | |
| UTE ABEDUL Villavidels | - | - | 0.42 | - | - | 0.42 |
| | - | - | 0.42 | - | - | 0.42 |
| Option premium | | | | | | |
| IL&FS | 189.95 | - | - | - | - | 189.95 |
| | 189.95 | - | - | - | - | 189.95 |
| Other Financial Assets | | | | | | |
| JV Geoteyco Control 7 | - | - | 0.02 | - | - | 0.02 |
| Co-Venture | - | - | - | 0.06 | - | 0.06 |
| | - | - | 0.02 | 0.06 | - | 0.08 |
| Payable on Account of Service received | | | | | | |
| IFIN | - | 51.39 | - | - | - | 51.39 |
| | - | 51.39 | - | - | - | 51.39 |
| Payable on Current Account | | | | | | |
| IL&FS | 23.59 | - | - | - | - | 23.59 |
| IREL | - | 3.13 | - | - | - | 3.13 |
| | 23.59 | 3.13 | - | - | - | 26.72 |
| Purchase of Fixed Assets | | | | | | |
| WGEL | - | - | 0.45 | - | - | 0.45 |
| | - | - | 0.45 | - | - | 0.45 |
| Receivable on Account of Service rendered | | | | | | |
| WGEL | - | - | 125.76 | - | - | 125.76 |
| others | - | 0.34 | - | - | - | 0.34 |
| | - | 0.34 | 125.76 | - | - | 126.10 |
| Receivable on Current Account | | | | | | |
| WGEL | - | - | 60.58 | - | - | 60.58 |
| Others | - | 3.34 | 6.91 | 0.28 | - | 10.54 |
| | - | 3.34 | 67.50 | 0.28 | - | 71.13 |
| Remuneration | | | | | | |
| Managerial Remuneration | - | - | - | - | 0.09 | 0.09 |
| | - | - | - | - | 0.09 | 0.09 |
| Short Term Financial Investment | | | | | | |
| A4 Concession | - | - | 188.71 | - | - | 188.71 |
| Co-Venture | - | - | - | 367.22 | - | 367.22 |
| ERTC China | - | - | 82.23 | - | - | 82.23 |
| others | - | - | 16.44 | - | - | 16.44 |
| | - | - | 287.38 | 367.22 | - | 654.60 |

SCHEDULES

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Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|---|-----------------|---------------------|--------------|---------------|--------------------------|---------------|
| Short Term Liability | | | | | | |
| Sevimagen SA | - | - | 41.35 | - | - | 41.35 |
| others | - | - | 5.62 | - | - | 5.62 |
| | - | - | 46.97 | - | - | 46.97 |
| Short Term Liability - Creditors | | | | | | |
| Co-Venture | - | - | - | 222.62 | - | 222.62 |
| others | - | - | 0.15 | - | - | 0.15 |
| | - | - | 0.15 | 222.62 | - | 222.77 |
| Zero coupon Bonds Series B | | | | | | |
| IL&FS | 32.51 | - | - | - | - | 32.51 |
| | 32.51 | - | - | - | - | 32.51 |
| Transactions | | | | | | |
| Advance Towards Investments made | | | | | | |
| WGEL | - | - | 98.00 | - | - | 98.00 |
| | - | - | 98.00 | - | - | 98.00 |
| Annual Fee | | | | | | |
| ITCL | - | 0.04 | - | - | - | 0.04 |
| | - | 0.04 | - | - | - | 0.04 |
| Commitment Charges | | | | | | |
| IL&FS | 0.55 | - | - | - | - | 0.55 |
| | 0.55 | - | - | - | - | 0.55 |
| DDB Trusteeship fees | | | | | | |
| ITCL | - | 0.11 | - | - | - | 0.11 |
| | - | 0.11 | - | - | - | 0.11 |
| Deputation Cost Paid | | | | | | |
| IL&FS | 20.12 | - | - | - | - | 20.12 |
| | 20.12 | - | - | - | - | 20.12 |
| Deputation Cost Recovered | | | | | | |
| CHDCL | - | 6.56 | - | - | - | 6.56 |
| JARDCL | - | 4.21 | - | - | - | 4.21 |
| APEL | - | - | 16.57 | - | - | 16.57 |
| WGEL | - | - | 8.02 | - | - | 8.02 |
| Others | - | 2.46 | - | - | - | 2.46 |
| | - | 13.23 | 24.59 | - | - | 37.82 |
| Dividend Amount | | | | | | |
| IL&FS | 270.00 | - | - | - | - | 270.00 |
| | 270.00 | - | - | - | - | 270.00 |
| Guarantee Commission | | | | | | |
| IL&FS | 19.81 | - | - | - | - | 19.81 |
| | 19.81 | - | - | - | - | 19.81 |
| Interest Expense | | | | | | |
| IL&FS | 235.62 | - | - | - | - | 235.62 |
| ISSL | - | 59.05 | - | - | - | 59.05 |
| | 235.62 | 59.05 | - | - | - | 294.67 |

SCHEDULES**forming part of the Consolidated Financial Statements**

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|--|-----------------|---------------------|---------------|--------------|--------------------------|-----------------|
| Interest Income | | | | | | |
| IL&FS | 20.91 | - | - | - | - | 20.91 |
| APEL | - | - | 62.66 | - | - | 62.66 |
| KCICL | - | - | 27.21 | - | - | 27.21 |
| Others | - | - | 7.54 | - | - | 7.54 |
| | 20.91 | - | 97.42 | - | - | 118.32 |
| Investment in Call Money - Matured | | | | | | |
| IL&FS | 4,580.08 | - | - | - | - | 4,580.08 |
| | 4,580.08 | - | - | - | - | 4,580.08 |
| Investment in Call Money made | | | | | | |
| IL&FS | 4,767.50 | - | - | - | - | 4,767.50 |
| | 4,767.50 | - | - | - | - | 4,767.50 |
| Investment made | | | | | | |
| IL&FS | 250.00 | - | - | - | - | 250.00 |
| Others | - | - | 0.01 | - | - | 0.01 |
| | 250.00 | - | 0.01 | - | - | 250.01 |
| Investment sold | | | | | | |
| IL&FS | 300.00 | - | - | - | - | 300.00 |
| IMICL | - | 198.79 | - | - | - | 198.79 |
| | 300.00 | 198.79 | - | - | - | 498.79 |
| Loans Given | | | | | | |
| KCICL | - | - | 510.00 | - | - | 510.00 |
| Others | - | - | 35.00 | - | - | 35.00 |
| | - | - | 545.00 | - | - | 545.00 |
| Loans Received back | | | | | | |
| APEL | - | - | 120.00 | - | - | 120.00 |
| | - | - | 120.00 | - | - | 120.00 |
| Loans Repaid | | | | | | |
| IL&FS | 4,249.69 | - | - | - | - | 4,249.69 |
| ISSL | - | 1,280.00 | - | - | - | 1,280.00 |
| Others | - | - | 352.24 | - | 8.38 | 360.61 |
| | 4,249.69 | 1,280.00 | 352.24 | - | 8.38 | 5,890.31 |
| Loans taken | | | | | | |
| IL&FS | 5,300.00 | - | - | - | - | 5,300.00 |
| ISSL | - | 640.00 | - | - | - | 640.00 |
| Others | - | - | - | - | 4.73 | 4.73 |
| | 5,300.00 | 640.00 | - | - | 4.73 | 5,944.73 |
| Payable on Current Account | | | | | | |
| ITMSL | - | - | 0.25 | - | - | 0.25 |
| | - | - | 0.25 | - | - | 0.25 |
| Processing Fees | | | | | | |
| IUIML | - | 0.45 | - | - | - | 0.45 |
| | - | 0.45 | - | - | - | 0.45 |
| Receivable on Account of Service rendered | | | | | | |
| IUISL | - | 0.01 | - | - | - | 0.01 |
| | - | 0.01 | - | - | - | 0.01 |

SCHEDULES

forming part of the Consolidated Financial Statements

Rupees in Million

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Co - Venture | Key Management Personnel | Grand Total |
|--------------------------------------|-----------------|---------------------|---------------|--------------|--------------------------|---------------|
| Remuneration | | | | | | |
| Mr. K Ramchand | - | - | - | - | 13.88 | 13.88 |
| Mr. Mukund Sapre | - | - | - | - | 5.20 | 5.20 |
| Ms Monisha Macedo | - | - | - | - | 9.98 | 9.98 |
| Others | - | - | - | - | 8.14 | 8.14 |
| | - | - | - | - | 37.20 | 37.20 |
| Rent paid | | | | | | |
| IL&FS | 33.14 | - | - | - | - | 33.14 |
| Others | - | - | - | - | 0.30 | 0.30 |
| | 33.14 | - | - | - | 0.30 | 33.44 |
| Sale of Construction Material | | | | | | |
| WGEL | - | - | 5.27 | - | - | 5.27 |
| APEL | - | - | 1.87 | - | - | 1.87 |
| | - | - | 7.14 | - | - | 7.14 |
| Security Agent Fees | | | | | | |
| IL&FS | 1.29 | - | - | - | - | 1.29 |
| ITCL | - | 1.54 | - | - | - | 1.54 |
| | 1.29 | 1.54 | - | - | - | 2.83 |
| Service rendered | | | | | | |
| APEL | - | - | 365.77 | - | - | 365.77 |
| WGEL | - | - | 75.84 | - | - | 75.84 |
| Others | 0.05 | 1.26 | 24.78 | - | - | 26.09 |
| | 0.05 | 1.26 | 466.40 | - | - | 467.71 |
| Services Received | | | | | | |
| IL&FS | 17.60 | - | - | - | - | 17.60 |
| IFIN | - | 69.33 | - | - | - | 69.33 |
| Others | - | 4.31 | - | - | - | 4.31 |
| | 17.60 | 73.64 | - | - | - | 91.24 |
| Take out Assitance Fee | | | | | | |
| IL&FS | 1.65 | - | - | - | - | 1.65 |
| | 1.65 | - | - | - | - | 1.65 |
| Upfront fees | | | | | | |
| IFIN | - | 2.21 | - | - | - | 2.21 |
| IUIML | - | 1.11 | - | - | - | 1.11 |
| Others | 0.10 | - | - | - | - | 0.10 |
| | 0.10 | 3.32 | - | - | - | 3.42 |

SCHEDULES

forming part of the Consolidated Financial Statements

18. SEGMENT INFORMATION

| | Surface Transportation Business | | Building Maintenance | | Non reportable | | Rupees in Million Total | |
|--|---------------------------------|-----------|----------------------|----------|----------------|---------|----------------------------|-----------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| | Revenue | | | | | | | |
| External | 22,248.20 | 9,135.49 | 1,821.58 | 2,923.55 | 61.29 | 195.30 | 24,131.07 | 12,254.34 |
| Inter-Segment | - | - | - | - | - | - | - | - |
| Segment Revenue | 22,248.20 | 9,135.49 | 1,821.58 | 2,923.55 | 61.29 | 195.30 | 24,131.07 | 12,254.34 |
| Unallocated income | 22,248.20 | 9,135.49 | 1,821.58 | 2,923.55 | 61.29 | 195.30 | 741.44 | 1,065.78 |
| Total Revenue | 22,248.20 | 9,135.49 | 1,821.58 | 2,923.55 | 61.29 | 195.30 | 24,872.51 | 13,320.11 |
| Segment results | | | | | | | | |
| Unallocated income (excluding interest income) | 7,291.03 | 1,251.64 | 179.96 | 318.97 | 29.51 | (64.66) | 7,500.50 | 1,505.95 |
| Unallocated expenditure | | | | | | | 308.01 | 819.83 |
| Interest Expenses | | | | | | | 61.00 | 24.99 |
| Interest income unallocated | | | | | | | 2,940.93 | 1,742.98 |
| Provision for taxation (Including Wealth Tax & Fringe Benefit Tax) | | | | | | | 434.37 | 245.95 |
| Add: Share of Profit/(Loss) of Associates | | | | | | | 1,857.89 | 482.57 |
| Add: Share of Loss/(Profit) of Minority Interest | | | | | | | 87.28 | (26.77) |
| Net Profit / (Loss) | | | | | | | (26.44) | (31.79) |
| Segment assets | | | | | | | 3,443.90 | 262.63 |
| Unallocated Assets (Refer footnote 1) | 45,623.57 | 25,735.93 | 1,439.69 | 2,722.54 | 48.37 | 541.89 | 47,111.63 | 29,000.37 |
| Total assets | | | | | | | 13,354.70 | 7,878.28 |
| Segment liabilities | | | | | | | 60,466.33 | 36,878.65 |
| Unallocated Liabilities (Refer footnote 2) | 5,579.09 | 5,322.89 | 817.45 | 1,539.05 | 27.11 | 171.88 | 6,423.65 | 7,033.81 |
| Total liabilities | | | | | | | 37,356.32 | 20,982.69 |
| Capital Expenditure for the year | 5,750.91 | 315.36 | - | - | - | - | 43,779.97 | 28,016.50 |
| Depreciation for the year | 603.05 | 352.99 | - | - | - | - | 5,750.91 | 315.36 |
| Non cash expenditure other than depreciation for the year | | | | | | | 603.05 | 352.99 |
| | | | | | | | 391.85 | 186.31 |

(I) Primary - Business Segments:

| Particulars | Rupees in Million | | | |
|---------------------|-------------------|-----------|---------------|-----------|
| | India | | Outside India | |
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Revenue - External | 14,281.51 | 4,193.30 | 9,849.56 | 8,061.04 |
| Segment Assets | 37,081.45 | 17,961.44 | 10,030.18 | 11,038.93 |
| Capital Expenditure | 5,376.39 | 23.70 | 374.52 | 291.66 |

Footnotes:

- 1) Unallocated assets include investments, advance towards investments, short term loan, interest accrued but not due, option premium assets account, deferred tax assets and other current assets which are not directly attributable to segments
- 2) Unallocated liabilities include secured loans, unsecured loans, deferred tax liability, minority interest, preference share capital, proposed dividend, premium and tax thereon

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19. Disclosure in terms of Accounting Standard (AS) 7 – Construction Contracts

Rupees in Million

| Particulars | March 31, 2010 | March, 31, 2009 |
|--|-----------------|-----------------|
| Contract Revenue recognised as revenue during the year ended | 1,121.46 | 286.23 |
| Aggregate amount of Contract Costs incurred recognised Profits up to reporting date | 1,121.46 | 286.23 |
| Advances received as at the year end | - | - |
| Retention money as at the year end | - | - |
| Gross amount due from customers for contract work, disclosed as asset, as at the year end | 46.78 | 248.81 |
| Gross amount due to customers for contract work, disclosed as liability as at the year end | 386.88 | 180.55 |

20. Earnings Per Share

| Particulars | Unit | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Profit after tax and minority interest | Rupees in Million | 3,443.90 | 262.63 |
| Premium on preference shares | Rupees in Million | (16.14) | (16,14) |
| Tax on premium on preference shares | Rupees in Million | (2.28) | (2,74) |
| Profit available for Equity Shareholders | Rupees in Million | 3,425.47 | 243.75 |
| Weighted number of Equity Shares outstanding | Nos | 171,540,016 | 171,414,794 |
| Nominal Value of equity shares | Rs. | 10.00 | 10.00 |
| Basic Earnings per share | Rs. | 19.97 | 1.42 |
| Equity shares used to compute diluted earnings per share | Nos. | 171,540,016 | 171,414,794 |
| Diluted Earnings per share | Rs. | 19.97 | 1.42 |

In the absence of clarity as to the impact of advance towards capital (see note no. 6 above) on the earnings of the Group, no adjustment has been made for potential dilution in computing diluted earnings per share

- 21.** Provision for overlay in respect of toll roads maintained by the Group under service concession arrangements and classified as intangible assets represents contractual obligations to restore an infrastructure facility to a specified level of serviceability in respect of such asset. Estimate of the provision is measured using a number of factors, such as current contractual requirements, technology, expert opinions and expected price levels. Because actual cash flows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provision is reviewed at regular intervals and adjusted to take account of such changes

Accordingly, financial and accounting measurements such as the revenue recognized on financial assets, allocation of annuity into recovery of financial asset, carrying values of financial assets and depreciation of intangible assets and provisions for overlay in respect of service concession agreements are based on such assumptions

SCHEDULES

forming part of the Consolidated Financial Statements

Movements in provision made for overlay are tabulated below :

| Particulars | Rupees in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Opening balance | 280.81 | 242.14 |
| Adjustment for new acquisition | 64.59 | - |
| Provision made during the year | 87.37 | 54.04 |
| Provision utilised | - | (7.53) |
| Adjustment on disposal of joint venture | - | (7.84) |
| Closing balance as on | 432.77 | 280.81 |

22. As explained in note no. 8 of Schedule O

- (i) the fair value of consideration for construction services in respect of intangible assets covered under service concession arrangements of the Group, the useful lives of such intangible assets, the annual amortisation in respect thereof, and the provisions for overlay costs have been estimated by the management having regard to the contractual provisions, the evaluations of the units of usage and other technical evaluations by independent experts, the key elements having been tabulated below:

| | Upto / As at March 31, 2010 | Upto / As at March 31, 2009 |
|---|--------------------------------|---------------------------------|
| Margin on construction services recognised in respect of intangible assets (Rs. in Million) | 922.26 | 589.18 |
| Carrying amounts of intangible assets (Rs. in Million) | 14,797.20 | 6,899.58 |
| Amortisation charge in respect of intangible assets (Rs. in Million) | 468.15 | 244.71 |
| Units of usage (No. of vehicles) | 96,481,483 to 1,863,511,429 | 616,542,229 to 1,864,087,082 |
| Provision for overlay in respect of intangible assets (Rs. in Million) | 432.77 | 280.81 |

- (ii) the fair value of consideration for construction services and the effective interest rate in the case of financial assets of the Group covered under service concession arrangements included as a part of "Receivables against Service Concession Arrangements" have been estimated by the management having regard to the contractual provisions, the evaluations of the future operating and maintenance costs and the overlay / renewal costs and the timing thereof by independent experts, the key elements having been tabulated below:

| | Rupees in Million | |
|---|--------------------------------|--------------------------------|
| | Upto / As at March 31, 2010 | Upto / As at March 31, 2009 |
| Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets | 939.25 | 773.36 |
| Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangements | 12,048.81 | 7,317.62 |
| Revenue recognised on Financial Assets on the basis of effective interest method | 4,426.72 | 3,652.94 |

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forming part of the Consolidated Financial Statements

23. Provision for Contingencies

The provision for contingency includes Rs.7.49 mn provided in accordance with the terms of scheme of amalgamation of jointly controlled entity for prepayment of loans

| Particulars | Rupees in Million | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2010 | As at March 31, 2009 |
| Opening balance as on April 1, 2009 | 7.49 | 7.49 |
| Add : Provision made during the year | - | - |
| Less : Provision utilised | - | - |
| Less : Provision reversed | - | - |
| Closing balance as on March 31, 2010 | 7.49 | 7.49 |

- 24.** The concession arrangements of the Group relate primarily to the construction, operation and maintenance of carriageways (roads) and gas stations by special purpose entities within the Group, which at the end of the concession period must be returned in the stipulated conditions to the grantors of the concessions. In consideration for having designed, constructed, operated and maintained such carriageways, the Group is entitled either to “Annuities” from grantors or is entitled charge “Toll” to the users of the carriageways or in the case of gas stations, to compensation from the oil companies besides other revenue from ancillary commercial activities

The following are toll based service concession arrangements of the Group which have been classified as “Intangible Assets” in the schedule “D” to the financial statements:

- a) The Vadodara Halol Road Project (“VHRP”) and the Ahmedabad Mehsana Road Project (“AMRP”) are concession arrangements entered into with the Government of Gujarat through Gujarat Road and Infrastructure Company Limited (“GRICL”). The construction activities of VHRP and AMRP were completed on October 24, 2000 and February 20, 2003 respectively. Maintenance activities cover routine maintenance, overlays and renewals. The concessions, which have been granted for periods of 30 years from those dates, envisage that GRICL will earn a designated return over the concession periods. In the event GRICL is unable to earn the designated return GRICL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index and to custom escalators. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without the default on the part of GRICL will entitle GRICL to the cost of the project and return thereon remaining to be recovered as on the date of transfer. At the end of the concession period, GRICL is required to hand back the carriageway to the grantor at a nominal consideration
- b) The Delhi Noida Bridge Project (“DNBP”) concession arrangement has been entered into between the New Okhla Industrial Development Authority (NOIDA) and Noida Toll Bridge Company Limited (“NTBCL”). The construction activity was completed on February 7, 2001. Maintenance activities cover routine maintenance, overlays and renewals. The concession, which has been granted for a period of 30 years from February 7, 2001, envisages that NTBCL will earn a designated return over the concession periods. In the event NTBCL is unable to earn the designated return, NTBCL would be entitled to an extension by two years at a time until the project cost and the returns thereon are recovered by it. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of 30 years is not permitted except in the event of a force majeure. Premature termination without default on the part of NTBCL will entitle NTBCL to the cost of the project and returns thereon remaining to be recovered as on the date of transfer. At the end of the concession period, NTBCL is required to hand back the carriageway to the grantor at a nominal consideration

SCHEDULES

forming part of the Consolidated Financial Statements

- c) Elsamex SA, its subsidiaries and joint ventures, (the “Elsamex Group”) have entered into Service Concession Arrangements (“SCA”) for construction and operation and maintenance of five gas stations in Spain and for the construction and operation and maintenance of a road project in Spain with the Government authorities. The periods for which the SCAs have been granted are as under:

| Project | Date of SCA | Status | Operations and Maintenance period | Termination date |
|------------------------|--------------------|------------------------|--|--------------------|
| Orihuela Gas Station | June 11, 2001 | Construction completed | 25 years and 8 months from November 11, 2004 | June 11, 2030 |
| Villavidel Gas Station | September 12, 2001 | Construction completed | 40 years and 1.5 months from July 29, 2004 | September 12, 2045 |
| Zamora Gas Station | June 24, 2002 | Construction completed | 43 years and 4 months from February 23, 2005 | June 24, 2048 |
| Ponferrada Gas Station | August 4, 2004 | Construction completed | 45 years and 10 months from October 26, 2006 | August 04, 2050 |
| Coiros Gas Station | April 16, 2004 | Under Construction | 39 years | April 14, 2043 |
| A4 Road | December 27, 2007 | Under construction | 19 years | December 26, 2026 |

Maintenance activities for the gas stations and road project include routine operating and maintenance as well as periodic overhauling and refurbishment to maintain the stations to the defined standards. In consideration for performing its obligations under the SCA, Elsamex is entitled to compensation from the oil companies computed at a predefined proportion of the sale of products at the gas stations and in the form of a “shadow toll” based on the units of usage i.e. the number of vehicles using the road in respect of road project

- d) The Beawar Gomti Road Project (“BGRP”) concession arrangement has been entered into between the President of India, represented by Special Secretary and Director General (Road Development), (“DORTH”) and ITNL Road Infrastructure Development Company Limited (“IRIDCL”). IRIDCL is required to design, build, finance and operate the BGRP for a period of 30 years commencing from the appointed date i.e. October 28, 2009, provided that in the event of four-laning not being undertaken for any reason in accordance with the provisions of concession agreement, the concession period shall be deemed to be 11 years including construction period of 455 days for 2- laning of the BGRP. Maintenance activities cover routine maintenance, overlays and renewals. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without the default on the part of IRDCL will entitle IRIDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, IRIDCL is required to hand back BGRP to the grantor without additional consideration
- e) The Jetpur-Gondal-Rajkot Road Project (“JGRRP”) is a concession arrangement entered into between the National Highways Authority of India (“NHAI”) and West Gujarat Expressway Limited (“WGEL”). The concession has been granted to WGEL for a period of 20 years ending on September 17, 2025. The construction activity was completed on March 17, 2008. Maintenance activities cover routine maintenance, overlays and renewals. In consideration, WGEL will be entitled to collect toll/user charges from the users of JGRRP. The amount of toll recoverable from users is linked to the movements in the wholesale price index. Also on dates specified in the concession agreement, WGEL will be entitled to a “grant” by way of cash support from NHAI, but it also obligated to pay a “negative grant” by way of cash payment to NHAI. Premature termination before the said period of 20 years is not permitted except in the event of a force majeure. The concession does not provide for renewal options. At the end of the concession period, JGRRP is required to hand back the carriageway to the grantor without additional consideration

SCHEDULES

forming part of the Consolidated Financial Statements

- f) The Pune Sholapur Road Project (“PSRP”) concession arrangement has been entered into between NHAI and Pune Sholapur Road Development Company Limited (“PSRDCL”). PSRDCL is required to design, build, finance and operate the PSRP for a period of 20 years commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without the default on the part of PSRDCL will entitle PSRDCL to be eligible for the compensation as per the concession arrangement. At the end of the concession period, PSRP is required to hand back the carriageway to the grantor without additional consideration
- g) The Moradabad Bareilly Road Project (“MBRP”) is a concession arrangement entered into between NHAI and Moradabad Bareilly Expressway Limited (“MBEL”). MBEL is required to design, build, finance, operate and transfer the MBRP for a period of 25 years commencing from the appointed date including construction period of 910 days. Maintenance activities cover routine maintenance, overlays and renewals. The amount of toll recoverable from users is linked to the movements in the consumer price index. Premature termination before the said period of concession is not permitted except in the event of a force majeure. Premature termination without default on the part of MBEL will entitle MBEL to be eligible for compensation as per the concession. At the end of the concession period, MBRP is required to hand back the carriageway to the grantor without additional consideration

The following are annuity based service concession arrangements of the Group which have been classified as financial assets under “Receivables under service concession arrangements” in the financial statements:

- a) The North Karnataka Expressway Project (“NKEP”) is a concession arrangement granted by National Highways Authority of India (“NHAI”) for a period of 17 years and 6 months from June 20, 2002 to North Karnataka Expressway Limited (“NKEEL”). The construction activities were completed on July 19, 2004. Besides construction, NKEEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, NKEEL is entitled to a defined annuity. At the end of the concession period NKEP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options
- b) The Hyderabad Outer Ring Road (“HORR”) is a concession arrangement granted by Hyderabad Urban Development Authority (“HUDA”) for a period of 16 years including construction period of 3 years from August 31, 2007 to East Hyderabad Expressway Limited (“EHEL”). Besides construction, EHEL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration, EHEL is entitled to a defined annuity. At the end of the concession period HORR is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options
- c) The Hazaribagh Ranchi Road Project (“HRRP”) is a concession arrangement granted by the “NHAI” for a period of 18 years including construction period of 910 days from October 8, 2009 to Hazaribagh Ranchi Expressway Limited (“HREL”). Besides construction, HREL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration HREL is entitled to a defined annuity. At the end of the concession period HRRP is required to be handed over in a stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangement does not provide for renewal options
- d) As per the concession agreements dated September 23, 2009 in respect of the Ranchi Ring Road Project (“RRRP”) and on October 14, 2009 in respect of the Ranchi - Patratu Dam Road Project (“RPDRP”) and Patratu Dam- Ramgarh Road Project (“PDRRP”) with the Govt. of Jharkhand (“GOJ”) and Jharkhand Accelerated Road Development Company Limited (“JARDCL”), Jharkhand Road Project Implementation Company Limited (“JRPICL”) is required to develop, design, finance, procure, engineering, construct, operate and maintain the RRRP, RPDRP and PDRRP for a period of 17 years and six months from commencement date. Besides construction, JRPICL’s obligations include routine maintenance and period maintenance of the flexible pavement and the rigid pavement at predefined intervals. In consideration,

SCHEDULES

forming part of the Consolidated Financial Statements

JRPICL is entitled to a defined annuity. At the end of the concession period RRRP, RPDRP and PDRRP are required to be handed over in the stipulated condition to the grantor. Premature termination is permitted only upon the happening of a force majeure event or upon the parties defaulting on their obligations. The concession arrangements do not provide for renewal options

25. Figures for the previous year have been regrouped/reclassified wherever necessary, to conform to the classification of the current year

For and on behalf of the Board

K. Ramchand
Managing Director

Arun K. Saha
Director

George Cherian
Chief Financial Officer

Krishna Ghag
Company Secretary

Mumbai, May 25, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousand)

| | |
|--|---|
| Public Issue <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="8"/> | Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

| | |
|---|---|
| Total Liabilities <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> | Total Assets <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> |
| Sources of Funds | Reserve and Surplus |
| Paid-Up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/> |
| Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> |
| Unsecured Loans <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> | Deferred Tax Liability <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> |
| Application of Funds | Investments |
| Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> |
| Net Current Assets <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="0"/> | Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | |

IV. Performance of Company (Amount in Rs. Thousand)

| | |
|---|--|
| Turnover <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/> | Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> |
| + - Profit / Loss before Tax <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> | + - Profit / Loss after Tax <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/> |
| (Please tick Appropriate box + for Profit - for Loss) | Dividend Rate % <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> |
| Earning Per Share in Rs. <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="3"/> | |

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

| | |
|--|--|
| Items Code No. (ITC Code) <input type="text" value="N.A."/> | Product Description <input type="text" value="N.A."/> |
|--|--|

Notice

Notice is hereby given that the Tenth Annual General Meeting of IL&FS Transportation Networks Limited will be held at Y B Chavan Auditorium, Gen. J. Bhosale Marg, Mumbai 400 021 on Wednesday, August 4, 2010 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the financial year ended on that date together with the Reports of Directors and Auditors thereon
2. To declare a dividend
3. To appoint a Director in place of Mr. Arun K Saha, who retires by rotation and, being eligible offers himself for re-appointment
4. To appoint a Director in place of Mr. Pradeep Puri, who retires by rotation and, being eligible offers himself for re-appointment
5. To appoint a Director in place of Mr. R C Sinha, who retires by rotation and, being eligible offers himself for re-appointment
6. To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

7. Appointment of Mr. R. S. Chandra as a Director
To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that Mr. R. S. Chandra, who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 25, 2010 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director liable to retire by rotation”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to Article 139.2 of the Articles of Association of the Company and the provisions of Sections 309, 310, 349, 350 and other applicable provisions, if any, of the Companies Act, 1956, commission in the aggregate not exceeding 1% per annum of the net profits of the Company computed in the manner laid down in the Companies Act, 1956, for each of the five financial years of the Company commencing from April 1, 2010 be paid to and distributed amongst the Non-Executive Directors of the Company, as may be determined by the Board of Directors of the Company in such proportion and manner of such payment and distribution as the Board may from time to time decide”

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED that an approval be and is hereby accorded to the Company in terms of Section 163 of the Companies Act, 1956 to keep its Registers and Index of Members and copies of Annual Returns prepared under Section 159 of the Companies Act, 1956 together with copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or one or more of them at the office premises of the Company’s Registrar and Share Transfer Agents viz Link Intime India Private Limited (“R&T Agents”) at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, India and/or at such other place(s) within the city of Mumbai where the R&T Agents may shift its office from time to time and/or at the Registered Office of the Company at The IL&FS Financial Centre, C-22, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

By Order of the Board

Krishna Ghag
Associate Vice President &
Company Secretary

Mumbai
May 25, 2010

Registered Office:
The IL&FS Financial Centre,
C-22, G-Block, Bandra – Kurla Complex,
Bandra (East), Mumbai 400051

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting
2. The relative Explanatory statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business set out at Item Nos. 7 to 9 above and the relevant details in respect of Item Nos. 3, 4 and 5 above pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto
3. Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report
4. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 28, 2010 to Wednesday, August 4, 2010 (both days inclusive)
5. Dividend, if approved by the Members at the Annual General Meeting will be paid / credited on or before September 3, 2010 to those persons or their mandates
 - a) whose names appear as Beneficial Owners as at the end of the business hours on July 28, 2010 in the list of Beneficial Owners to be furnished by National Securities Depository Ltd and Central Depository Services (India) Ltd in respect of those shares held in electronic form; and
 - b) whose names appear as Members in the Register of Members of the Company on August 4, 2010 after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents on or before the aforesaid date
6. Members are requested to immediately intimate changes, if any, in their registered addresses along with pin code number to the Company or the Registrars and Share Transfer Agents. Members holding shares in dematerialised mode are requested to intimate the same to their respective depository participants
7. In order to avail of the facility of Electronic Clearing Service (ECS), Members holding shares in physical form are requested to provide bank account details to the Company or the Registrar and Share Transfer Agents. Members holding shares in dematerialised mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the dividends. The Company/Registrars and Share Transfer Agents will not act on any direct request received from Members holding shares in dematerialised form for change/deletion of such bank details
8. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 7**

Mr. R. S. Chandra was appointed as an Additional Director by the Board of Directors with effect from May 25, 2010. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Chandra will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of the Director

Mr. Chandra, Managing Partner of Bessemer Venture Partners, a Global Investment Management firm with offices in India, Israel, Boston, New York and Silicon Valley, holds an MBA from Harvard Business School. He has been recognized by Forbes Magazine on its Midas List as a top dealmaker

The Board considers it desirable that the Company should receive the benefit of Mr. Chandra's valuable experience and advice and commends his appointment

Mr. Chandra is not related to any other Director of the Company. He may be deemed to be concerned or interested in the Resolution at Item No. 7 of the Notice

Item No. 8

The Articles of Association of the Company vide Article 139.2 provides for payment of commission to the Directors of the Company who are not in the whole-time employment or Managing Director of the Company (hereinafter referred to as Non-Executive Directors) subject to the provisions of the Companies Act, 1956. Further, Sections 309, 310, 349, 350 and other applicable provisions, if any, of the Companies Act, 1956, provides for payment of commission to the Non-Executive Directors in the aggregate not exceeding 1% of the net profits of the Company per annum subject to the proposal being approved by passing a Special Resolution by the Shareholders of the Company for a period not exceeding 5 years at a time. It is therefore proposed to recommend the payment of commission to the Non-Executive Directors not exceeding 1% of the net profits of the Company in terms of the aforesaid provisions of the Companies Act, 1956 for each of the five financial years of the Company commencing from April 1, 2010 to be paid to and distributed amongst the Non-Executive Directors of the Company, as may be determined by the Board of Directors of the Company in such proportion and manner of such payment and distribution as the Board may decide from time to time

The Board recommends the Special Resolution for approval

Mr. Deepak Dasgupta, Mr. Ravi Parthasarathy, Mr. Hari Sankaran, Mr. Arun K Saha, Mr. R. C Sinha, Mr. Pradeep Puri, Mr. H P Jamdar, Mr. Vibhav Kapoor and Mr. Deepak Satwalekar, the Non-Executive Directors may be deemed to be concerned or interested in the Resolution at Item No. 8 of the Notice

Item No. 9

In terms of the provisions of Section 163 of the Companies Act, 1956, approval of the Members is sought by a Special Resolution for keeping the Records mentioned in the Resolution at Item No. 9 at the office premises of the Company's Registrar and Share Transfer Agents viz. Link Intime India Private Limited ("R&T Agents") at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, India and/or at such other place(s) within the city of Mumbai where the R&T Agents may shift its office from time to time and/or at the Registered Office of the Company at The IL&FS Financial Centre, C-22, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. A copy of the Notice of the proposed special resolution will be served in advance to the Registrar of Companies, Maharashtra, Mumbai as required under the Companies Act, 1956

The Directors recommend passing of the Special Resolution at item No 9 of the Notice

None of the Directors of the Company is in any way, concerned or interested in this resolution.

By Order of the Board

Krishna Ghag
Associate Vice President &
Company Secretary

Mumbai
May 25, 2010

Registered Office:
The IL&FS Financial Centre,
C-22, G-Block, Bandra – Kurla Complex,
Bandra (East), Mumbai 400051

DETAILS OF DIRECTORS SEEKING APPOINTMENT AND RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

| Particulars | Arun K Saha | Pradeep Puri | R. C. Sinha | R. S. Chandra |
|---|--|--|--|---|
| Date of Birth | March 27, 1953 | September 28, 1956 | May 27, 1938 | April 15, 1966 |
| Date of Appointment | January 6, 2001 | January 6, 2001 | March 19, 2001 | May 25, 2010 |
| Qualifications | (i) M.Com. (ii) A.C.A. (iii) A.C.S. | (i) M.A. (History) | (i) M.A.-Economics (ii) LL.B. (iii) P.G. in Urban Development from London University | (i) MBA from Harvard Business School |
| Expertise in specific functional areas | Proficient in the areas of finance, operations, credit compliance and risk management | Retired IAS, having immense experience in the Infrastructure Industry | Retired IAS, having rich experience in the field of Surface Transport and Rural Development | Private Equity Investment for over 15 years |
| Directorships in other Public Limited Companies* | <ul style="list-style-type: none"> ─ Infrastructure Leasing & Financial Services Limited | <ul style="list-style-type: none"> ─ North Karnataka Expressway Limited | <ul style="list-style-type: none"> ─ West Bengal Housing Infrastructure Development Corporation Limited | <ul style="list-style-type: none"> ─ Orient Green Power Company Ltd. |
| | <ul style="list-style-type: none"> ─ IL&FS Securities Services Limited | <ul style="list-style-type: none"> ─ IL&FS Infrastructure Development Corporation Limited | <ul style="list-style-type: none"> ─ Bengal Ambuja Housing Development Limited | <ul style="list-style-type: none"> ─ Shriram EPC Limited |
| | <ul style="list-style-type: none"> ─ IL&FS Infrastructure Development Corporation Limited | <ul style="list-style-type: none"> ─ IL&FS Ecosmart Limited | <ul style="list-style-type: none"> ─ Maharashtra Airport Development Co. Limited | |
| | <ul style="list-style-type: none"> ─ IL&FS Investment Managers Limited | <ul style="list-style-type: none"> ─ West Gujarat Expressway Limited | | |

| Particulars | Arun K Saha | Pradeep Puri | R. C. Sinha | R. S. Chandra |
|--|--|--|--------------------|----------------------|
| Directorships in other Public Limited Companies* | IL&FS Property Management & Services Limited | IL&FS Urban Infrastructure Managers Limited | | |
| | IL&FS Technologies Limited | Andhra Pradesh Expressway Limited | | |
| | IL&FS Trust Company Limited | Urban Mass Transit Company Limited | | |
| | IL&FS Urban Infrastructure Managers Limited | PDCOR Limited | | |
| | Orix Auto Infrastructure Services Limited | Pipavav Railway Corporation Limited | | |
| | Noida Toll Bridge Company Limited | ITNL Toll Management Services Limited | | |
| | Maytas Infra Limited | IL&FS Waste Management and Urban Services Limited | | |
| | GVK Gautami Power Limited | Delhi Mumbai Industrial Corridor Development Corporation Ltd | | |
| | | IL&FS Urban Infrastructure Services Limited | | |
| Membership of Committees in other Public Limited Companies (includes only Audit and Shareholders' / Investors' Grievance Committee) | Audit Committee: | Audit Committee: | Nil | Nil |
| | IL&FS Financial Services Limited | Pipavav Railway Corporation Ltd | | |
| | IL&FS Infrastructure Development Corporation Limited | North Karnataka Expressway Ltd | | |
| | IL&FS Investment Managers Limited | West Gujarat Expressway Ltd | | |
| | IL&FS Property Management and Services Limited | Andhra Pradesh Expressway Ltd | | |
| | IL&FS Technologies Limited | | | |
| | Orix Auto Infrastructure Services Limited | | | |
| Maytas Infra Limited | | | | |
| Shareholders' / Investors' Grievance Committee: | | | | |
| Maytas Infra Limited | | | | |
| No. of Shares held in the Company | 79 | 79 | 53 | Nil |

* Excludes Directorships in Private Limited Companies, Foreign Companies and Government bodies

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|------------|--|
| DP.Id* | |
| Client Id* | |

| | |
|-----------|--|
| Folio No. | |
|-----------|--|

Name and Address of the Shareholder

Number of Shares held :

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Wednesday, August 4, 2010 at 3.30 p.m., at Y. B. Chavan Auditorium, Gen. J. Bhosale Marg, Mumbai 400 021

* Applicable for Investors holding Shares in electronic form

** Strike out whichever is not applicable

SIGNATURE OF THE SHAREHOLDER OR PROXY**



PROXY FORM

| | |
|------------|--|
| DP.Id* | |
| Client Id* | |

| | |
|-----------|--|
| Folio No. | |
|-----------|--|

I/We

being a Member/Members of IL&FS Transportation Networks Limited hereby appoint

..... of.....
or (failing him) of.....
or (failing him) of.....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, August 4, 2010 at 3.30 p.m. at Y. B. Chavan Auditorium, Gen. J. Bhosale Marg, Mumbai 400 021 and at any adjournment thereof

Signed thisday of2010

Signature



.....

*Applicable for Investors holding shares in electronic form.

Note : The Proxy Form must be deposited at the Registered Office of the Company at The IL&FS Financial Centre, C-22, G-Block, Bandra – Kurla Complex, Bandra (East), Mumbai 400051 not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company



The IL&FS Financial Centre, Mumbai

Forward-Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove to be inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise



IL&FS Transportation Networks Limited

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Website: www.itnlindia.com