

**HAZARIBAGH RANCHI EXPRESSWAY  
LIMITED**

**ANNUAL REPORT**

**2009 - 10**

## **DIRECTORS' REPORT**

The Shareholders,  
**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

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

### **FINANCIAL RESULTS:**

The financial results of the Company are as under:

	For the financial year ended on March 31, 2010 (Rs.)
Total Income	-
Total Expenses	503,131
Profit/(Loss) for the year	(503,131)
Profit/(Loss) Before Tax	(503,131)
<u>Less: Provision for Tax</u>	-
Profit /(Loss)After Tax	(503,131)
Balance carried forward	(503,131)

### **DIVIDEND:**

Your Directors do not recommend dividend for the period under review

### **OPERATIONS:**

During the year, your company has undertaken the project of 4-laning of Hazaribagh Ranchi section of NH-33, approximately 71.16 kms in the state of Jharkhand on Build Operate Transfer (BOT) Annuity basis. The total project cost is Rs 869 Crores, including development cost of Rs. 697 Crores. Your company has achieved financial closure with banks and lenders for financing the project through senior debt of Rs 688.18 Crores and balance Rs 181 Crores to be infused by the promoters. The company is in stage of mobilizing the resources at project site.

### **DIRECTORS:**

During the year under review, Mr Mukund Sapre, Mr Harish Mathur, Mr M K Mohan, Mr Sanjay Bhargava, Dr V K Raina, Dr Nishant Shrivastava, and Mr Danny Samuel were appointed as Additional Directors with effect from November 23, 2009. In accordance with the provisions of the Companies Act, 1956, resolutions seeking approval of the members for their appointment have been incorporated in the Notice of the forthcoming Annual General Meeting and the explanatory statement thereto Mr Krishna Ghag, Mr Naresh Sasanwar and Mr Ravi Sreehari have been appointed as first directors by the Articles of Association of the Company. Mr Naresh Sasanwar

and Mr Ravi Sreehari resigned as Directors of the Company with effect from November 23, 2009. The Board placed on record its sincere appreciation for the valuable guidance and support rendered by him

**AUDITORS:**

M/s Luthra & Luthra, Chartered Accountants, first auditors holds the office till the ensuing Annual General Meeting of the Company and have expressed their willingness to continue as Statutory Auditors, if re-appointed

**DEPOSITS:**

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

**CORPORATE GOVERNANCE:**

Seven Board Meetings were held during the year under review on April 8, 2009, August 1, 2009, August 19, 2009, September 11, 2009, October 5, 2009, November 23, 2009 and March 22, 2010. The numbers of meetings attended by the Directors are as under:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>No. of Board Meetings held during tenure</b>	<b>Meetings attended</b>
1	Mr. Krishna Ghag	7	7
2	Mr. Naresh Sasanwar (upto November 23, 2009)	6	4
3	Mr. Ravi Sreehari (upto November 23, 2009)	6	6
4	Mr. Mukund Sapre (w.e.f. November 23, 2009)	2	1
5	Mr. MK Mohan (w.e.f. November 23, 2009)	2	1
6	Mr Harish Mathur (w.e.f. November 23, 2009)	2	1
7	Mr Sanjay Bhargava (w.e.f. November 23, 2009)	2	1
8	Dr V K Raina (w.e.f. November 23, 2009)	2	1
9	Dr Nishant Shrivastava (w.e.f. November 23, 2009)	2	0
10	Mr Danny Samuel (w.e.f. November 23, 2009)	2	2

**PARTICULARS OF EMPLOYEES:**

There are no employees in respect of whom the statement is required to be prepared pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

**DIRECTORS RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments 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 Loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

There was no income/earning or outgo of foreign exchange during the period under review. Since your Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

**ACKNOWLEDGMENTS:**

The Directors wish to place on records their appreciation for the continued support and co-operation by Relationships with Shareholders, Central and State Government/Agencies, Bankers and Regulatory Authorities remained excellent during the period under review. Your Directors are grateful for the support extended by them and look forward to receiving their continued support and encouragement.

For and on behalf of the Board

\_\_\_\_\_  
Sd/- (Director)                      Sd/- (Director)

Date : May 10, 2010  
Place : Mumbai

# Luthra & Luthra

Chartered Accountants

## REPORT OF THE AUDITORS' TO THE MEMBERS OF HAZARIBAGH RANCHI EXPRESSWAY LIMITED

1. We have audited the attached Balance Sheet of **HAZARIBAGH RANCHI EXPRESSWAY LIMITED** as at 31<sup>st</sup> March, 2010, the Profit and loss account and the Cash Flow Statement for the period ended on that date 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 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together 'the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks of the books and records of the company as we considered appropriate and the information and explanation given to us during the course of audit.
4. Further to our comments in the annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books;
  - c) The Balance Sheet, Profit and Loss account and the Cash Flow Statement referred to in this report are in agreement with the books of account.

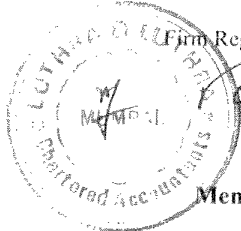
104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069  
Tel : 2683 0883, 2683 0885 Fax : 2683 0877



- d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give 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 31<sup>st</sup> March, 2010;
  - ii) in the case of the Profit and loss Account, of the Loss of the company for the period ended 31<sup>st</sup> March, 2010; and
  - ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

Mumbai: 10/5/2010

**For Luthra & Luthra**  
Chartered Accountants  
Firm Registration No. 002081N

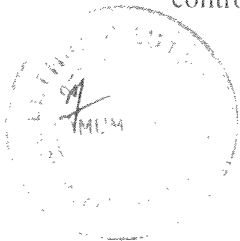


*Amit A. Purohit*  
**Amit A. Purohit**  
Partner  
Membership No. 101612

104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069  
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Annexure referred to in paragraph (3) of the Auditors' Report of even  
date to the members of **HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
on the accounts for the period ended 31<sup>st</sup> March, 2010

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the programme of verification adopted by the management of the Company, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between book records and the physical inventory have been noticed in respect of the assets physically verified.
- (c) Since no part of the fixed assets has been disposed off by the Company during the year, paragraph 4(i)(c) of the Order is not applicable.
- (ii) As the company does not have any Inventory, paragraph 4(ii)(a),(b) and (c) of the Order are not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such, paragraph 4(iii) (a), (b), (c), (d) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such paragraph 4(iii) (e), (f), (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets. The activities of the Company during the financial year under audit do not involve purchase of inventory and sale of goods or services. Further, on the basis of the information and explanations given to us, we have neither observed nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.



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- (v) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any transaction referred to in Section 301 of the Act. Hence paragraph 4(v)(a) and (b) of the said Order are not applicable.
- (vi) As the Company has not accepted any deposits from the public, paragraph 4(vi) the Order is not applicable.
- (vii) As neither the paid up capital and reserves of the Company exceed Rs. 50 Lakhs nor the turnover exceeds Rs. 5 Crores, paragraph 4(vii) relating to internal audit is not applicable to the company.
- (viii) To the best of our knowledge and as explained to us, the company has not maintained any cost records under Clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, as these have not been prescribed by the Central Government.
- (ix) (a) According to the information and explanations given to us and according to the books and records examined by us, the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax and other material statutory dues as applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such Statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed statutory dues payables by the Company.
- (x) As the Company has been registered for a period less than five years, paragraph 4(x) dealing with accumulated losses and cash losses is not applicable to the Company.
- (xi) Based on our audit procedures and on the basis of information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or debenture holder.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly Paragraph 4 (xii) of the Order is not applicable.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and

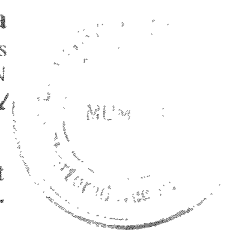
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other Investments. Accordingly, Paragraph 4 (xiv) of the Order is not applicable.

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us and records examined by us, the Company has applied the term loan for the purpose for which the loan was obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, current liabilities amounting to Rs. 39,75,33,792/- have been used to fund the expenditure on the project accounted as "Capital work in progress" and to this extent, funds raised on short term basis have, *prima facie*, been used for long term investment.
- (xviii) 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 during the year.
- (xix) The Company has not issued any debentures. Accordingly, paragraph 4 (xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issue during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For Luthra & Luthra**  
Chartered Accountants  
Firm Registration. No. 002081N  
  
**Amit A. Purohit**  
Partner  
Membership No. 101612



✓  
Mumbai: 10/5/2010

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## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	Rupees	As at March 31, 2010 Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A		500,000
Share Application Monies (Pending Allotment)			654,500,000
<b>LOAN FUNDS</b>			
Secured Loans	B		291,579,864
<b>TOTAL</b>			<b>946,579,864</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	C	496,001	
Less: Depreciation		42,747	
Net Block		453,254	
Capital Work In Progress		1,343,157,271	1,343,610,525
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and bank balances	D	322,081,415	
Loans and advances		321,107,689	
		643,189,104	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	E	1,040,722,896	
Provisions		-	
		1,040,722,896	(397,533,792)
<b>NET CURRENT ASSETS</b>			
			(397,533,792)
<b>PROFIT AND LOSS ACCOUNT</b>			
			503,131
<b>TOTAL</b>			<b>946,579,864</b>
Significant accounting policies and Notes forming part of accounts	G		
Schedules "A" to "G" annexed hereto form part of the financial statements.			
As per our report of even date attached.			
<b>For LUTHRA &amp; LUTHRA</b> Chartered Accountants Firm Registration No. 002081N	<b>For and on behalf of the Board</b>		
<b>Amit Purohit</b> Partner Membership Number : 101612 Place: Mumbai Date: May 10, 2010	<b>Director</b>	<b>Director</b>	
	<b>Manager</b>		

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Schedule	For the period ended March 31, 2010 Rupees
<b>INCOME</b>		-
<b>EXPENSES</b>		-
Administrative and general expenses	F	481,795
Preliminary expenses		21,336
		503,131
LOSS BEFORE DEPRECIATION and TAX		(503,131)
Less: Depreciation		-
LOSS BEFORE TAX		(503,131)
Provision for taxation		
- Current Tax		-
- Deferred Tax		-
LOSS AFTER TAX		(503,131)
<b>Balance carried forward</b>		<b>(503,131)</b>
<b>Earnings Per Share (EPS)</b>		
Basic		(10.06)
Diluted		(0.04)
Significant accounting policies and Notes forming part of accounts	G	
Schedules "A" to "G" annexed hereto form part of the financial statements.		
As per our report of even date attached.		
<b>For LUTHRA &amp; LUTHRA</b> Chartered Accountants Firm Registration No. 002081N	<b>For and on behalf of the Board</b>	
<b>Amit Purohit</b> Partner Membership Number : 101612 Place: Mumbai Date: May 10, 2010	<b>Director</b>	<b>Director</b>
	<b>Manager</b>	

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010**

	For the period ended March 31, 2010 Rupees
<b>Cash Flow from Operating Activities</b>	
Net Loss Before Tax	(503,131)
<b>Operating loss before Working Capital Changes</b>	<b>(503,131)</b>
<b>Adjustments changes in working capital:</b>	
Increase / (decrease) in Trade and other receivable	-
Increase / (decrease) in Trade payable and others	372,263
<b>Operating Cash Flows after Working Capital Changes</b>	<b>(130,868)</b>
Direct Taxes paid	-
<b>Net Cash Flow from Operations (A)</b>	<b>(130,868)</b>
<b>Cash flow from Investing Activities</b>	
Purchase of Fixed Assets	(496,001)
Capital Work In Progress	(1,343,114,524)
Increase / (Decrease) in Current Liabilities	1,040,350,633
(Increase) / Decrease in Current Assets Loans & Advances	(321,107,689)
<b>Net Cash from Investing Activities (B)</b>	<b>(624,367,581)</b>
<b>Cash flow from Financing Activities</b>	
Issue of Equity Shares	500,000
Share Application Monies Received	654,500,000
Proceeds from Secured Loans	291,579,864
<b>Net Cash from Financing Activities (C)</b>	<b>946,579,864</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>322,081,415</b>
Cash and Cash Equivalent at the beginning of the Period	-
Cash and Cash Equivalent at the end of the Period	322,081,415
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>322,081,415</b>
<b>Notes:</b>	
<b>Components of Cash &amp; Cash Equivalent</b>	
Cash on Hand	6,007
Balance with Scheduled Banks - Current Accounts	322,075,408
	322,081,415
Cash and bank balance (Schedule D)	<b>322,081,415</b>
<b>G</b>	
Significant accounting policies and Notes forming part of accounts	
As per our report of even date attached.	
<b>For LUTHRA &amp; LUTHRA</b> Chartered Accountants Firm Registration No. 002081N	<b>For and on behalf of the Board</b>
<b>Amit Purohit</b> Partner Membership Number . 101612 Place: Mumbai Date: May 10, 2010	<b>Director</b> <b>Director</b>  <b>Manager</b>

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

## SCHEDULE A : SHARE CAPITAL

	As at March 31, 2010 Rupees
<b>AUTHORISED</b>	
65,500,000 equity shares of Rs. 10/- each	655,000,000
	<b>655,000,000</b>
<b>ISSUED</b>	
50,000 equity shares of Rs. 10/- each	500,000
	<b>500,000</b>
<b>SUBSCRIBED AND PAID-UP</b>	
50,000 equity shares of Rs. 10/- each (Refer footnote)	500,000
	<b>500,000</b>
<i>Footnote: Of the above, 37,000 shares are held by IL&amp;FS Transportation Networks Limited (The Holding Company).</i>	

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

**SCHEDULE B : SECURED LOANS**

	As at March 31, 2010 Rupees
<b>SECURED LOANS</b>	
From Scheduled Banks	291,579,864
Secured by:	
<i>(i) Hypothecation of all movable, tangible and intangible assets, Receivables, Cash and Investments created as a part of the Project other than the project Assets</i>	
<i>(ii) Monies lying in the Escrow Account into which all the investments in the Project and all Project revenues and Insurance proceeds are to be deposited.</i>	
<i>(iii) Assignment of all the rights, title, benefits, claims and demands of the Company under the Project Agreements i.e. Concession Agreement, Substitution Agreement, Construction Contract and Operations Contract, if any.</i>	
<i>(iv) Assignment of all the rights under Project Guarantees obtained pursuant to Development Contract or Operations Contract, if any, relating to the Project.</i>	
<i>(v) First ranking assignment of all contracts, documents, insurance, clearances and interests of the Company.</i>	
<b>Total Secured Loans</b>	<b>291,579,864</b>

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

Schedule C : FIXED ASSETS

Particulars	Gross Block				Amount In Rupees			
	At the Beginning of the period	Additions	Closing as at 31.03.2010	At the Beginning of the period	Depreciation For the year	As at 31.03.2010	Net Block As at 31.03.2010	
Furniture & Fixtures	-	89,592	89,592	-	2,640	2,640	86,952	
Office Equipments	-	53,680	53,680	-	27,955	27,955	25,725	
Data Processing Equipments	-	352,729	352,729	-	12,152	12,152	340,577	
<b>Total</b>	-	<b>496,001</b>	<b>496,001</b>	-	<b>42,747</b>	<b>42,747</b>	<b>453,254</b>	
Capital Work In Progress							1,343,157,271	
<b>Grand Total</b>	-	<b>496,001</b>	<b>496,001</b>	-	<b>42,747</b>	<b>42,747</b>	<b>1,343,610,525</b>	

# HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

## SCHEDULE D : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2010 Rupees
<b>CURRENT ASSETS</b>	
<u>Cash and bank balances</u>	
Cash on hand	6,007
Balance with scheduled banks In current accounts	322,075,408
Total cash and bank balances	<b>322,081,415</b>
<b>LOANS &amp; ADVANCES (Unsecured, considered Good)</b>	
Advance against capital expenditure	318,000,000
Prepaid expenses	3,107,689
Total loans & advances	<b>321,107,689</b>
<b>Total Current assets, Loans &amp; Advances</b>	<b>643,189,104</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

**SCHEDULE E : CURRENT LIABILITIES AND PROVISIONS**

	As at March 31, 2010 Rupees
<b>CURRENT LIABILITIES</b>	
(a) Sundry creditors	
- Total outstanding dues to Micro and Small Enterprises	-
- Total outstanding dues to creditors other than Micro and Small enterprises	1,025,864,161
(b) Other Liabilities	14,858,735
Total current liabilities	<b>1,040,722,896</b>
<b>PROVISIONS</b>	-
Total provisions	-
<b>Total Current Liabilities &amp; Provisions</b>	<b>1,040,722,896</b>

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

SCHEDULES TO PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

## SCHEDULE F : ADMINISTRATIVE &amp; GENERAL EXPENSES

	For the Period Ended March 31, 2010 Rupees
Auditors' Remuneration	430,171
Bank Charges	30
Directors' Sitting Fees	40,000
Licence Fees	1,200
Rates & Taxes	10,394
<b>Total Administrative &amp; General expenses</b>	<b>481,795</b>

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### Schedule – G: Significant Accounting Policies and Notes forming parts of Accounts

#### (A) Background:

The Company was incorporated under the Companies Act 1956 on March 19, 2009. It was issued "Certificate of Commencement of Business" on May 19, 2009. The Company was originally formed as "ITNL Highways Development Company Ltd and its name was changed to 'Hazaribagh Ranchi Expressway Limited' with effect from May 11, 2009.

The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement with National Highways Authority of India (NHAI) on October 08, 2009 to Design, Engineer, Finance, Procure, Construct, Operate and Maintain 4 laning Hazaribagh-Ranchi section of NH-33 from km 40.500 to km 114.000 in the State of Jharkhand on Build, Operate and Transfer (Annuity) basis. The Concession Agreement envisages concession for a period of 18 years commencing from the Appointed date including construction period of 910 days required for 4 laning of the Project.

These Financial Statements are for the period commencing on March 19, 2009 and ending on March 31, 2010. Corresponding figures of previous reporting period are not given, being not applicable.

#### (B) Significant Accounting Policies

##### 1. Basis of Accounting:

The Financial Statements have been prepared under the historical cost convention and comply with the Accounting Standards ('AS') specified in the Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956, to the extent applicable. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise accounted for on cash basis.

##### 2. Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### 3. Revenue Recognition

The Concession Agreement envisages Revenue in the form of Annuity of a fixed sum on pre-determined dates (not more than twice a year). The Annuity payment will start accruing to the Company, six months after the Commercial Operation Date ("COD"). As the Project is still under pre-operative stage, no revenue has been recognised.

### 4. Fixed Assets

All fixed assets are stated at cost less accumulated depreciation. For this purpose cost includes purchase price and all other attributable costs of bringing assets into working condition and location for intended use. Assessment of indication of impairment of an asset is made as at the reporting date and impairment loss, if any is recognised.

### 5. Depreciation

- a. Assets individually costing Rs. 5,000 or less, mobile phones and items of soft furnishing are depreciated fully in the period when such assets are put to use.
- b. Depreciation is provided pro-rata for the period of use of the Fixed Assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets, Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the 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 Equipments	3 Years
Assets Provided to Employees	3 Years
Licensed Softwares	Over the license period

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### 6. Capital Work-in-Progress

Capital Work-in-progress includes direct and attributable expenses for construction of Road.

### 7. Impairment of Assets

The carrying values of assets of the Company'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.

### 8. Preliminary Expenditure

Preliminary Expenses incurred on incorporation of the Company are charged to the Profit & Loss Account for the period during which these expenses are incurred.

### 9. Accounting for Taxes on Income

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income - tax Act, 1961. Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future. The carrying amount of deferred tax asset is reviewed at each balance sheet date.

### 10. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

### 11. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating; investing and financing activities are segregated.

Cash and cash equivalents in the cash flow statement comprises of cash at bank and in hand and term deposits with banks, if any.

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### 12. Earnings per Share (EPS):

Basic Earnings per share is calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issued during the year.

The number of shares used in computing Diluted EPS comprises the weighted average number of equity shares considered for deriving Basic EPS, and also the weighted average number of equity shares that could have issued on the conversion of all Dilutive potential equity shares. Dilutive potential shares are deemed to be converted as at the beginning of the period unless issued at a later date.

### 13. Borrowing costs

Borrowing costs attributable to construction of the road are treated as a part of Capital Work in progress for subsequent capitalization on commencement of commercial operations of the road.

## (B) Notes forming part of Accounts

### 1. Segment Reporting

The Company is a special purpose vehicle and is engaged in the business of construction of road as mentioned in para A of Schedule – G and thus operates in a single business and geographical segment. As a result, disclosures required under AS-17 on “Segment Reporting” have not been given.

### 2. Related Party Disclosure:

Related Party Disclosures as per the AS-18 on “Related Party Disclosure” in respect of the Company as on March 31, 2010 are as follows:

#### (a) Names of Related Parties and nature of Relationship:

##### A) Ultimate Holding Company:

Infrastructure Leasing & Financial Services Limited

##### B) Holding Company:

IL&FS Transportation Networks Limited

##### C) Subsidiaries (Direct & Indirect):

Nil

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

D) **Fellow Subsidiaries :** (With whom the Company has transacted during the period)

1. IL&FS Financial Services Limited
2. IL&FS Trust Company Limited
3. Jharkhand Accelerated Road Development Co Ltd

E) **Associates (Direct & Indirect):**

NIL

F) **Joint Venture:**

NIL

G) **Enterprises over which HREL has Control:**

NIL

H) **Other enterprises having significant influence over HREL :**

Punj Lloyd Limited

I) **Key Management Personnel:**

Mr Sanjay Minglani- Manager

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

(b) The Nature and volume of transactions during the period with the above-related parties were as follows:

Name of the Company	Nature of Transaction	Transaction for the period Ended March 31, 2010	Balance as on March 31, 2010
IL&FS Transportation Networks Limited	Share Capital	370,000	370,000 Cr.
	Share Application Monies	65,45,00,000	65,45,00,000 Cr.
	Project Development Fees	1,236,491,700	951,942,203 Cr.
	Reimbursement of Expenses	4,700,735	NIL
IL&FS Financial Services Limited	Syndication Fees	75,906,254	68,315,629 Cr.
	Reimbursement of Expenses	385,520	76,064 Cr.
IL&FS Trust Company Limited	Security Trustee Fees	2,393,359	1,359,863 Cr.
Jharkhand Accelerated Road Development Company Limited	Reimbursement of Expenses	64,923	NIL
Punj Llyod Limited	Share Capital	130,000	130,000 Cr.

### 3. Earning per Share (E.P.S.):

Particulars	For the period ended March 31, 2010 (Rs)
Profit / (Loss) for the year	(503,131)
Weighted average number of equity shares outstanding in calculating <b>Basic</b> EPS	50,000
Weighted average number of equity shares outstanding in calculating <b>Diluted</b> EPS	1,18,26,543
Nominal Value of Equity Shares	10/-
EPS - Basic	(10.06)
EPS – Diluted	(0.04)



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### 4. Managerial Remuneration:

During the period, the Company has appointed a Manager. The Terms of appointment does not include any remuneration. During the period, the directors of the Company have not drawn any remuneration. Directors are paid only sitting fees in respect of the meetings attended by them.

### 5. Deputation Costs:

The Company does not have any employee on its payroll. Salaries and other benefits of deputed personnel are recognised as expenses based on amounts charged by the employers of these deputed personnel for the period for which services are rendered to the Company.

### 6. Auditors' Remuneration (including Service Tax):

Particulars	For the Period ended March 31, 2010 (Rs)
Statutory Audit fees	82,726
Certification Matters	71,695
Other Services	2,75,750
<b>Total</b>	<b>4,30,171</b>

### 7. Provision for Taxation:

In the absence of book / tax profits or losses and consequent impact of the timing differences on the same, provision for Deferred Taxes and Current Income Tax has not been made.

### 8. Contingent Liabilities:

Particulars	As at 31 <sup>st</sup> March, 2010 Rs.
Capital Commitments in respect of the Road Project(net of advances paid)	6,27,42,43,750
<b>Total</b>	<b>6,27,42,43,750</b>

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### 9. Dues to Micro, Small and Medium Enterprises:

There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). This information has been determined based on the details regarding the status of suppliers obtained by the Company and the same has been relied upon by the Auditors.

10. In the opinion of the Board of Directors, Current Assets, Loans and Advances are realizable at a value, which is at least equal to the amount at which these are stated in the ordinary course of business and provision made for all known and determined liability are adequate and not in excess of the amount stated.
11. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 have been given to the extent applicable.
12. The Company has not taken any derivative instrument during the period and there is no derivative instrument outstanding on the Balance Sheet date. Further, on the Balance Sheet date there is no outstanding foreign currency exposure in respect of receivables and payables.

**As per our report of even date**  
**For Luthra & Luthra**  
Chartered Accountants  
Firm Registration No. 002081N

**For and behalf of the Board**

Amit A. Purohit  
Partner

Director

Director

M. No- 101612  
Place: Mumbai  
Date: May 10, 2010

Manager

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 

1	9	1	0	7	0
---	---	---	---	---	---

State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

 / 

0	3
---	---

 / 

2	0	1	0
---	---	---	---

  
Date Month Year

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

Public Issue  

N	A								
---	---	--	--	--	--	--	--	--	--

  
 Bonus Issue  

N	A								
---	---	--	--	--	--	--	--	--	--

Rights Issue  

N	A								
---	---	--	--	--	--	--	--	--	--

  
 Private Placement  

N	A								
---	---	--	--	--	--	--	--	--	--

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

Total Liabilities  

9	4	6	5	7	9				
---	---	---	---	---	---	--	--	--	--

Total Assets  

9	4	6	5	7	9				
---	---	---	---	---	---	--	--	--	--

**Sources of Funds**

Paid-Up Capital(including application money)  

6	5	5	0	0	0				
---	---	---	---	---	---	--	--	--	--

Reserve and Surplus  

-									
---	--	--	--	--	--	--	--	--	--

Secured Loans  

2	9	1	5	7	9				
---	---	---	---	---	---	--	--	--	--

Unsecured Loans  

-									
---	--	--	--	--	--	--	--	--	--

Deferred Tax Liability  

-									
---	--	--	--	--	--	--	--	--	--

**Application of Funds**

Net Fixed Assets  

1	3	4	3	6	1	0			
---	---	---	---	---	---	---	--	--	--

Investments  

N	I	L							
---	---	---	--	--	--	--	--	--	--

Net Current Assets  

-	3	9	7	5	3	4			
---	---	---	---	---	---	---	--	--	--

Misc. Expenditure  

N	I	L							
---	---	---	--	--	--	--	--	--	--

Accumulated Losses  

5	0	3							
---	---	---	--	--	--	--	--	--	--

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

Turnover  

-									
---	--	--	--	--	--	--	--	--	--

Total Expenditure  

5	0	3							
---	---	---	--	--	--	--	--	--	--

+ - Profit / Loss before Tax  

	✓	5	0	3					
--	---	---	---	---	--	--	--	--	--

+ - Profit / Loss after Tax  

	✓	5	0	3					
--	---	---	---	---	--	--	--	--	--

(Please tick Appropriate box + for Profit - for Loss)

Earning Per Share in Rs.  

-	1	0	.	0	6				
---	---	---	---	---	---	--	--	--	--

Dividend Rate %  

-									
---	--	--	--	--	--	--	--	--	--

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

Items Code No. (ITC Code)  

N.A.

Product Description  

N.A.

Managing Director

Director

Place : Mumbai  
 Date : 10-May-2010

Manager