

**PUNE SHOLAPUR ROAD DEVELOPMENT
COMPANY LIMITED**

ANNUAL REPORT

2009 - 10

DIRECTORS' REPORT

The Shareholders,

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY 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:

Particulars	For the financial year ended on March 31, 2010
Total Income	-
Total Expenses	436,405
Profit/(Loss) for the year	(436,405)
Profit/(Loss) Before Tax	(436,405)
Less: Provision for Tax	1,045,000
Profit /(Loss)After Tax	(1,481,405)
Balance carried forward	(1,481,405)

DIVIDEND:

Your Directors do not recommend dividend for the period under review

OPERATIONS:

During the year, your company has undertaken the project of augmenting the existing road aggregating to 101.30 km on the Pune –Sholapur section of NH-9 in the state of Maharashtra on Design Build Finance Operate & Transfer (DBFOT) basis. The project is toll road project. The total cost of project is Rs. 1403 Crores. Your company has achieved financial closure with banks and lenders for financing the project through senior debt of Rs 957.68 Crores; promoters' contribution is Rs. 160 Crores and NHAI grant of Rs 285 Crores. The company is in stage of mobilizing the resources at project site.

DIRECTORS:

During the year under review, Mr Mukund Sapre, Mr Harish Mathur, Dr V K Raina, Mr Sachin Gajjar, Mr Manish Agarwal 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 M K Mohan was appointed as Managing Director of the Company to hold the office for a period of 2 years with effect from November 23, 2009. Mr M K Mohan shall not be liable to retire by rotation

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 Lakhani & Co., Chartered Accountants, 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:

Five Board Meetings were held during the year under review on August 27, 2009, September 25, 2009, October 5, 2009, November 23, 2009 and March 22, 2010. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Krishna Ghag	5	5
2	Mr. Naresh Sasanwar (upto November 23, 2009)	4	2
3	Mr. Ravi Sreehari (upto November 23, 2009)	4	4
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 Sachin Gajjar (w.e.f. November 23, 2009)	2	1
8	Dr V K Raina (w.e.f. November 23, 2009)	2	1
9	Mr Manish Agarwal (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/-
(Managing Director)

Sd/-
(Director)

Date : May 10, 2010

Place : Mumbai

**Auditor's Report to the Members of
PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LTD**

1. We have audited the attached Balance Sheet of PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LTD (the 'Company') as at 31st March 2010, the Profit and Loss Account and also 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
- (b) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.



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

hmodi
(Parag Modi)
Partner
M.No.114105

Place : Mumbai
Date : May 10, 2010

Annexure to the Auditor's Report

[Referred to in paragraph 3 of our report of even date to the members of **PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LTD** on the financial statements for the period ended 31st March, 2010]

- (i)(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the assets have been physically verified, at intervals, by the management, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of the fixed assets has not been disposed off by the company during the period.
- (ii) The company's nature of operation does not require it to hold inventories. Accordingly clause 4(ii) of the Order is not applicable.
- (iii) The company has both neither granted nor taken any loan, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause 4(iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. The activities of the Company do not involve purchase of inventory and the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in the section 301 of the act during the period that need to be entered into the register maintained under that section. Accordingly clause 4(v)(b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from public within the meaning of the provisions of Sections 58A and 58AA or any other relevant provisions of the act, and the rules framed there under.
- (vii) Internal audit is not applicable to the Company.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1)



of section 209 of the Companies Act, 1956 with regard to the nature of the business of the Company.

- (ix)
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed dues payable in respect of provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other statutory dues as applicable, were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues in respect of wealth tax, service tax, sales tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The company has been incorporated for the period less than five years. Accordingly clause 4(x) of the Order is not applicable.
- (xi) The Company has neither taken any loans from a financial institution, bank nor issued any debentures. Accordingly clause 4(xi) of the Order is not applicable.
- (xii) Based on our examination and according to the information and explanation 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 clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is not a chit fund, nidhi mutual benefit fund/ society. Accordingly clause 4(xiii) of the Order is not applicable.
- (xiv) According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly clause 4(xiv) of the Order is not applicable.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly clause 4(xv) of the Order is not applicable.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, there is no term loan availed by the Company during the period.



- (xvii) According to the information and explanations given to us and on the basis of our examination of the cash flow statement and an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised by on short-term basis which have been used for long term investment.
- (xviii) According to the information and explanations 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 Act. Accordingly clause 4(xviii) of the Order is not applicable.
- (xix) The company has not issued any debentures. Accordingly clause 4(xix) of the Order is not applicable.
- (xx) The company has not raised any money by public issue during the period. Accordingly clause 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, and according to the information and explanations given us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

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



Parag Modi
(Parag Modi)
Partner
M.No.114105

Place : Mumbai
Date : May 10, 2010

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees
<u>I. SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	A		500,000
Advance towards capital			1,599,500,000
TOTAL			1,600,000,000
<u>II. APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross block	B	13,528,266	
Less: Depreciation		515,713	
Net fixed assets		13,012,553	
Capital work in progress		2,397,694,297	
			2,410,706,850
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and bank balances	C	32,854,671	
Other current assets		2,590	
Loans and advances		439,572,696	
		472,429,957	
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	D	1,283,573,212	
Provisions		1,045,000	
		1,284,618,212	
NET CURRENT ASSETS			(812,188,255)
PROFIT AND LOSS ACCOUNT (DEBIT BALANCE)			1,481,405
TOTAL			1,600,000,000

Significant accounting policies
Notes forming part of the Financial Statements

F
G

Schedules "A to G" annexed hereto form part of the
Balance Sheet and Profit and Loss Account

As per our report of even date attached.

For Lakhani & Co
Chartered Accountants

For and on behalf of the Board

Parag Modi
Partner
Membership Number : 114105
Place: Mumbai
Date: May 10, 2010

Director

Managing Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

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

	Schedule	For the period ended March 31, 2010 Rupees
INCOME		-
EXPENSES		-
Administrative and general expenses	E	416,209
Preliminary expenses written off		20,196
		436,405
PROFIT / (LOSS) BEFORE DEPRECIATION and TAX		(436,405)
Depreciation		-
PROFIT / (LOSS) BEFORE TAX		(436,405)
Provision for taxation - Current		(1,045,000)
Deferred Tax Charge (Net)		-
PROFIT / (LOSS) AFTER TAX		(1,481,405)
Balance brought forward		-
Balance carried forward		(1,481,405)
Basic Earning per share		(29.63)
Diluted Earning per share (Refer Schedule "G" Note 8)		(0.03)

Significant accounting policies
Notes forming part of the Financial Statements

F
G

Schedules "A to G" annexed hereto form part of the
Balance Sheet and Profit and Loss Account

As per our report of even date attached.

For Lakhani & Co
Chartered Accountants

For and on behalf of the Board

Parag Modi
Partner
Membership Number : 114105
Place: Mumbai
Date: May 10,2010

Director Managing Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

CASH FLOW STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2010

	For the period ended March 31, 2010 Rupees
Cash Flow from Operating Activities	
Net Profit / (Loss) Before Tax and Extraordinary Items	(436,405)
Adjustments for :-	-
Operating profit before Working Capital Changes	(436,405)
Adjustments changes in working capital:	
Increase / (decrease) in Trade and other receivable	(438,712,737)
Increase / (decrease) in Trade payable and others	15,587,831
Operating Cash Flows after Working Capital Changes	(423,561,311)
Direct Taxes (paid) / receivable (Net)	(859,959)
Net Cash Flow from Operations (A)	(424,421,270)
Cash flow from Investing Activities	
(Increase) / Decrease in Capital work in progress	(1,132,892,792)
Purchase of Fixed Assets	(13,528,266)
Interest on Fixed Deposits	348,780
Interest on Loan Given	3,348,219
Net Cash used in Investing Activities (B)	(1,142,724,059)
Cash flow from Financing Activities	
Issue of Equity Shares	500,000
Share Application Money Received	1,599,500,000
Net Cash from Financing Activities (C)	1,600,000,000
Net Increase in Cash & Cash Equivalents (A+B+C)	32,854,671
Cash and Cash Equivalent at the beginning of the Period	-
Cash and Cash Equivalent at the end of the Period	32,854,671
Net Increase / (Decrease) in Cash & Cash Equivalents	32,854,671

Notes:

Components of Cash & Cash Equivalent

	For the period ended March 31, 2010 Rupees
Cash on Hand	6,836
Balance with Scheduled Banks - Current Accounts	17,847,835
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	15,000,000
	32,854,671
Balance with Scheduled Banks in term deposits (maturity more than 3 months)	-
Cash and bank balance (Schedule C)	32,854,671

Significant accounting policies

F

Notes forming part of accounts

G

As per our report of even date attached.

For Lakhani & Co
Chartered Accountants

For and on behalf of the Board

Parag Modi
Partner
Membership Number 114105
Place: Mumbai
Date: May 10, 2010

Director Managing Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE A : CAPITAL

	As at March 31, 2010 Rupees
AUTHORISED	
160,000,000 equity shares of Rs. 10/- each	1,600,000,000
	1,600,000,000
ISSUED	
Issued 50,000 equity shares of Rs. 10/- each	500,000
	500,000
SUBSCRIBED AND PAID-UP	
Subscribed and paid up 50,000 equity shares of Rs. 10/- each (Refer footnote)	500,000
	500,000

Footnote:

Of the above, 50,000 shares are held by the IL&FS Transportation Networks Limited, being the Holding Company

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

Schedule B : FIXED ASSETS

Particulars	Gross Block				Depreciation			Rupess	
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	As at 01.04.2009	For the period	Deletions	As at 31.03.2010	As at 31.03.2010
Vehicles	-	13,371,366	-	13,371,366	-	511,461	-	511,461	12,859,905
Data Processing Equipments	-	156,900	-	156,900	-	4,252	-	4,252	152,648
Total	-	13,528,266	-	13,528,266	-	515,713	-	515,713	13,012,553
Capital Work In Progress (Refer Schedule "H" Note 10)	-	-	-	-	-	-	-	-	2,397,694,297
Total	-	13,528,266	-	13,528,266	-	515,713	-	515,713	2,410,706,850

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE C : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2010 Rupees
CURRENT ASSETS	
<u>Cash and bank balances</u>	
Cash in hand	6,836
Balance with scheduled banks	
In current accounts	17,847,835
In fixed deposits	15,000,000
Total cash and bank balances	32,854,671
<u>Other Current Assets</u>	
Interest accrued but not due	2,590
Total other current assets	2,590
LOANS & ADVANCES	
Advances recoverable in cash or in kind or for value to be received	438,459,237
Deposits	253,500
Advance payment of taxes	859,959
	-
Total loans & advances	439,572,696
Total Current Assets and Loans & Advances	472,429,957

SCHEDULE D : CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2010 Rupees
CURRENT LIABILITIES (Refer Schedule "G" Note 3)	
Sundry creditors	1,268,221,991
Other liabilities	15,351,221
Total current liabilities	1,283,573,212
PROVISIONS	
Provision for Tax - Current	1,045,000
Total provisions	1,045,000
Total current liabilities & provisions	1,284,618,212

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

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

SCHEDULE E : ADMINISTRATIVE & GENERAL EXPENSES

	For the period ended March 31, 2010 Rupees
Legal & consultation fees	61,112
Rates & taxes	3,454
Bank charges	81
Registration expenses	2,600
Directors' fees	70,000
Miscellaneous expenses (Refere Schedule "G" Note 2)	278,962
Total administrative & general expenses	416,209

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULE – 'F': SIGNIFICANT ACCOUNTING POLICIES OF ACCOUNTS

1. Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention in accordance with the Accounting Standards specified in The Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956. The Company follows the accrual basis of accounting.

2. Use of estimates

The preparation of 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 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. Future results could differ from these estimates.

3. Fixed Assets and Depreciation / Amortisation:

(a) Fixed assets and depreciation

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

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

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. Also, the administrative and general overhead expenses specifically attributed to the construction project are part of the cost of the project and capitalised to the date when the asset is ready for its intended use.

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 Managements estimate of useful life of such assets:

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

Asset Type	Useful Life
Computers	4 Years
Specialised Office Equipment	3 Years
Assets Provided to Employees	3 Years
Licensed Software	Over the license period

All categories of assets costing less than Rs. 5,000 each, mobile phones and items of soft furnishing are depreciated fully in the year of capitalization.

Depreciation on the components of the Project Road is charged to the Profit & Loss Account on a straight –line basis over the period over which the respective component is expected to be overlaid or renewed (5 years). Depreciation on the remaining cost of the Road is provided from the date of commencement of commercial operation over the remaining concession period.

(b) Capital work in progress

The construction cost includes borrowing cost . administrative and general overhead expenses specifically attributed to the construction project are part of the cost of the project and debited to capital work in progress up to the date when the asset is ready for its intended use.

4. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance charges in the income statement in the period in which they are incurred

5. Revenue Recognition

Toll revenue is recognised on collections, which coincides with the usage of the toll roads. Where the toll collection activity is auctioned, the toll revenue is recognised on accrual basis. Interest Income is recognised on a time proportion basis.

6. Grant

- (i) Grant receivable as Equity Support from the National Highway Authority of India under the Concession Agreement referred to in Note 1 of Schedule "G" is treated as Capital Reserve.
- (ii) Grant receivable as Operation and Maintenance Support from National Highway Authority of India under the Concession Agreement referred to in Note 1 of Schedule "G" above is accounted as 'Income' or 'Liability' in the year to which it relates in terms of the Concession Agreement.

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

7. Cash Flow Statement

The Cash-flow Statements are prepared in accordance with "indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India (ICAI) and notified under Companies Act 1956.

8. Provisions and Contingencies

- a) A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation
- b) Contingent Liabilities, if material are disclosed by way of notes to accounts
- c) Contingent asset are not recognised or disclosed in the financial information.

9. Preliminary Expenditure

Preliminary expenses incurred on incorporation of the Company are written off in the period during which it is incurred.

10. Taxation

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961. Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences between the Book profit and Income Tax profit. Deferred Tax Assets and Liabilities other than carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred Tax Assets and Liabilities are measured using substantively enacted tax rates. The effect on Deferred Tax Assets and liabilities of a change in tax rates is recognised in the Profit & Loss Account in the year of substantive enactment of the change.

11. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholder of the Company by the weighted Average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholder of the Company by the weighted Average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

12. 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.

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULE 'G': NOTES TO ACCOUNTS

1. The Company was incorporated under the Companies Act 1956 on August 21, 2009 vide Registration No U45203MH2009PLC195154. The Financial Statements audited and reported are for the year ended March 31, 2010.

IL&FS Transportation Networks Ltd. (ITNL) had submitted bid on June 23, 2009 for development of Pune-Sholapur section of NH-9 (the Project) from Km 144.400 to Km 249.000 in the State of Maharashtra through private participation on Design, Build, Finance, Operate and Transfer (DBFOT basis). ITNL was declared as the "Successful Bidder" for the Project by the National Highways Authority of India(NHAI). The Company has entered into a Concession Agreement (CA) on September 30, 2009 with The National Highways Authority of India, represented by its Chairman and having its principal offices at G-5 & 6, Sector 10, Dwarka, New Delhi- 110 075 (hereinafter referred to as the "Authority"), to Design, Finance, Construct, Operate and Maintain the Project for a period of 20 years commencing from the Appointed date including construction period of 910 days required for 4 laning of the Project. Grant of Rs.285 crores is receivable from NHAI as Equity support for the Project.

2. Miscellaneous expenditure includes the Auditor's Remuneration as below;

Particulars	<i>Rs.</i> For the period ended 31 st March, 2010
Statutory Audit Fees	75,000
Certification Fees	22,350
Fees for other services	141,250
Out of Pocket Expenditure	1,100
Service Tax on the above	24,691
Total	264,391

3. There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This information and that given in Schedule D "Current Liabilities" has been determined based on the details regarding the status of the suppliers obtained by the Company. This has been relied upon by the auditors.
4. Capital commitments:

Particulars	As at 31 st March 2010 (Rupees)
Estimated amount of contracts remaining on capital account and not provided for (net of capital advances of)	9,207,450,000/-

5. Directors' Remuneration
The Directors have been paid sitting fees for the Board and Committee meetings attended by them. Further, no remuneration has been paid by the Company to the Manager appointed under section 269 of the Companies Act, 1956.

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

6. Segment Reporting

The Company is engaged in the business detailed in Note 1 above and thus operates in a single business segment. Also it operates in a single geographical segment. In the absence of separate reportable business or geographical segments, the disclosures required under Accounting Standard (AS)-17 on "Segment Reporting" specified by the Central Government are not applicable.

7. Related Party Disclosures:

Disclosures as required by the Accounting Standard (AS) 18 on "Related Party Disclosures" are made below:

(A) Name of the related parties and description of relationship:

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS)
Holding Company:	IL&FS Transportation Networks Limited (ITNL)
Fellow Subsidiaries: (with whom there have been transactions during the period)	IL&FS Trust Company Limited (ITCL) IL&FS Financial Services Limited (IFIN)
Key Management Personnel:	Mr. M K Mohan (Managing Director)

(B) Transactions for the period ended March 31st 2010:

Nature of Transaction	ITNL	ITCL	Rs.
			IFIN
Advance towards equity received	1,599,999,400	-	-
Project Management Fees paid	509,136,667	-	-
Project Development Fees paid	1,702,992,000	-	-
Mobilisation Advance Paid	438,450,000	-	-
Short Term Loan given	1,010,000,000	-	-
Interest earned on Short Term Loan given	3,348,219	-	-
Repayment of Short term Loan given	1,010,000,000	-	-
Receipt of Accrued Interest on Loan Given	3,013,397	-	-
Security Trusteeship Fees paid	-	2,085,123	-
Debt Syndication Fees paid	-	-	105,632,104

Note: Reimbursement of cost is not included above

(C) Balances outstanding as at March 31st 2010

Particulars	ITNL	ITCL	Rs.
			IFIN
Current Liability Payable (Net)	(457,282)	-	16,765
Debt Syndication Fees Payable	-	-	95,068,894
Project Management & Development Fees Payable	1,169,365,800	-	-
Advance towards Investment	1,599,500,000	-	-
Security Trusteeship Fees Payable	-	883,911	-

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

8. Earnings per Share:

Particulars	Unit	For the period ended 31 st March, 2010
Net Profit / (Loss) after tax	Rs.	(1,481,405)
Equity Shares outstanding	No.	50,000
Nominal Value of Equity Shares	Rs.	10
Basic Earnings per Share	Rs.	(29.63)
Weighted average number of equity shares outstanding	No	50,000
Weighted average number of equity shares to be issued	No	44,343,883
Total weighted average number of equity shares used to compute Diluted Earnings per Share	No	44,393,883
Diluted Earnings per Share	Rs.	(0.03)

9. In accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22), deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard. However considering the present financial position and requirement of the said Accounting Standard-22 regarding certainty/virtual certainty, the carried forward losses is not provided for as an asset. However, the same will be re-assessed at subsequent Balance Sheet date and will be accounted for in the period of certainty/virtual certainty in accordance with the aforesaid Accounting Standard.

10. Capital working in progress includes;

Particulars	As at March 31, 2009 Rupees	For the period ended March 31, 2010 Rupees	As at March 31, 2010 Rupees
Expenses towards Borrowing	-	139,833,389	139,833,389
Project Development & Management Fees	-	2,212,128,667	2,212,128,667
Professional Fees	-	35,860,736	35,860,736
Stamping & Registration Exp	-	11,292,921	11,292,921
Other Misc. Expenses	-	1,762,460	1,762,460
Depreciation on Other fixed Assets	-	515,713	515,713
Sub Total (A)	-	2,401,393,886	2,401,393,886
Less: Misc. Income			
Interest on Bank deposit	-	351,370	351,370
Interest on Loan given	-	3,348,219	3,348,219
Sub Total (B)	-	3,699,589	3,699,589
Grand Total (A-B)	-	2,397,694,297	2,397,694,297

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

11. The company has not taken any derivative instrument during the period and there is no derivative instrument outstanding as at the period end. Further, at the period end there is no outstanding foreign currency exposure in respect of receivables and payables.
12. This being the first accounting year, previous year figures are not available.

**As per the Report of Even Date
For Lakhani & Co.
Chartered Accountants**

For and on behalf of the Board

Parag Modi
Partner
M.No: 114105
Place: Mumbai
Date: May 10, 2010

Director Managing Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1	9	5	1	5	4
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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	0
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Date Month Year

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

Public Issue	Rights Issue																				
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Bonus Issue	Private Placement																				
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III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets																				
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Sources of Funds																					
Paid-Up Capital(including application money)	Reserve and Surplus																				
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Secured Loans	Unsecured Loans																				
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Deferred Tax Liability																					
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Application of Funds																					
Net Fixed Assets	Investments																				
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Net Current Assets	Misc. Expenditure																				
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Accumulated Losses																					
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IV. Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure																																								
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+ - Profit / Loss before Tax	+ - Profit / Loss after Tax																																								
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<i>(Please tick Appropriate box + for Profit - for Loss)</i>																																									
Earning Per Share in Rs.	Dividend Rate %																																								
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Items Code No. (ITC Code)	Product Description
N.A.	N.A.

Managing Director

Director

Place : Mumbai
Date : 10-May-2010