

HAZARIBAGH RANCHI EXPRESSWAY
LIMITED

ANNUAL REPORT

2010-11

DIRECTORS' REPORT

The Shareholders,

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Second Annual Report along with the Audited Accounts for the financial year ended March 31, 2011

FINANCIAL RESULTS:

The financial results of the Company are as under:

Particulars	(in ₹.)	
	For the financial year ended on March 31, 2011	For the financial year ended on March 31, 2010
Total Income	-	-
Total Expenses	758,233	503,131
Profit/(Loss) Before Tax	(758,233)	(503,131)
Less: Provision for Tax	(1,200,000)	-
Profit/(Loss)After Tax	(1,958,233)	(503,131)
Balance carried forward	(2,461,364)	(503,131)

DIVIDEND:

Due to inadequacy of profits, your Directors have not recommended any dividend for the year under review

OPERATIONS:

During the year under review, 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 ₹869 Crores, including development cost of ₹697 Crores. Your company has achieved financial closure with banks and lenders for financing the project through senior debt of ₹688.18 Crores and balance ₹181 Crores by the promoters.

DIRECTORS:

During the year under review, Mr. Mukund Sapre was appointed as Additional Director of the Company with effect from August 10, 2010. Mr. Krishna Ghag and Mr. Danny Samuel resigned as Directors of the Company with effect from July 28, 2010 and Mr. M K Mohan resigned as Director of the Company with effect from February 8, 2011. The Board placed on record its sincere appreciation for the valuable guidance and support rendered by them during their tenure.

Mr. Sanjay Bhargava and Dr. Nishant Srivastava, Directors of the Company are due for retirement by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

AUDITORS:

M/s. Luthra & Luthra, Chartered Accountants, retire at 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 year under review

CORPORATE GOVERNANCE:

Four Board Meetings were held during the year under review on May 10, 2010, July 27, 2010, October 25, 2010 and January 25, 2011. 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 (upto July 28, 2010)	2	2
2	Mr. Mukund Sapre	4	3
3	Mr. M. K. Mohan (upto February 8, 2011)	4	4
4	Mr. Harish Mathur	4	3
5	Mr. Sanjay Bhargava	4	2
6	Dr. V. K. Raina	4	2
7	Dr. Nishant Shrivastava	4	1
8	Mr. Danny Samuel (upto July 28, 2010)	2	2

PARTICULARS OF EMPLOYEES:

There were 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, as amended from time to time.

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 earning or outgo of foreign exchange during the year 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 place on records their appreciation for the continued support and co-operation rendered by National Highway Authority of India (NHAI), Central and State Government/Agencies, Bankers, Financial Institutions, Regulatory Authorities and Shareholders of the Company.

For and on behalf of the Board


(Director)


(Director)

Date : April 19, 2011
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 31st March, 2011, the Profit and loss account and the Cash Flow Statement for the year 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

Luthra & Luthra

Chartered Accountants

- 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 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 31st March, 2011;
 - ii) in the case of the Profit and loss Account, of the Loss of the company for the year ended 31st March, 2011; and
 - ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Luthra & Luthra

Chartered Accountants

FRN: 002081N



Amit A. Purohit

Partner

Membership No. 101612

Mumbai: 19/4/2011

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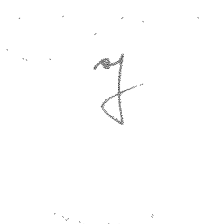
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Annexure referred to in paragraph (3) of the Auditors' Report of even date to the members of HAZARIBAGH RANCHI EXPRESSWAY LIMITED on the accounts for the year ended 31st March, 2011

- (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.
- (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.

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- (vi) As the Company has not accepted any deposits from the public, paragraph 4(vi) of 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 31st March, 2011 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 payable 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.



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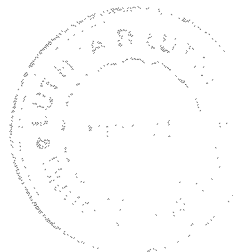
Luthra & Luthra

Chartered Accountants

- (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 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, there are no funds raised on a short term basis which have been used for long term purposes.
- (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: 19/4/2011

104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069

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HAZARIBAGH RANCHI EXPRESSWAY LIMITED


BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<u>I. SOURCES OF FUNDS</u>				
SHAREHOLDERS' FUNDS				
Share Capital	A		500,000	500,000
Share Application Monies (Pending Allotment)			724,500,000	654,500,000
LOAN FUNDS				
Secured Loans	B		3,000,100,000	291,579,864
TOTAL			3,725,100,000	946,579,864
<u>II. APPLICATION OF FUNDS</u>				
FIXED ASSETS				
Gross Block	C	497,601		496,001
Less: Depreciation		151,847		42,747
Net Block		345,754		453,254
Capital Work In Progress		3,205,740,555	3,206,086,309	1,343,157,271
TOTAL				1,343,610,525
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	D	14,009,266		-
Cash and bank balances		91,491,937		322,081,415
Other Current Assets		27,124		-
Loans and advances		643,496,608		321,107,689
		749,024,935		643,189,104
LESS: CURRENT LIABILITIES AND PROVISION				
Current liabilities	E	232,472,608		1,040,722,896
Provisions		-		-
		232,472,608		1,040,722,896
NET CURRENT ASSETS			516,552,327	(397,533,792)
PROFIT AND LOSS ACCOUNT				
			2,461,364	503,131
TOTAL			3,725,100,000	946,579,864



Significant accounting policies and Notes forming part of accounts G

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

For LUTHRA & LUTHRA
Chartered Accountants
Firm Registration No. 002081N


Amit A. Purohit
Partner
Membership Number : 101612
Place: Mumbai
Date: 19/4/2011

For and on behalf of the Board


Director

Manager
Place: Mumbai
Date: 19/4/2011


Director

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
INCOME		-	-
EXPENSES		-	-
Administrative and general expenses	F	758,233	481,795
Preliminary expenses		-	21,336
		758,233	503,131
LOSS BEFORE DEPRECIATION and TAX		(758,233)	(503,131)
Less: Depreciation		-	-
LOSS BEFORE TAX		(758,233)	(503,131)
Provision for taxation			
- Current Tax		(1,200,000)	-
- Deferred Tax		-	-
LOSS AFTER TAX		(1,958,233)	(503,131)
Balance brought forward		(503,131)	-
Balance carried forward		(2,461,364)	(503,131)

Earnings Per Share (EPS)

Basic	(39.16)	(10.06)
Diluted	(39.16)	(10.06)

Significant accounting policies and Notes forming part of accounts **G**

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

For LUTHRA & LUTHRA

Chartered Accountants
Firm Registration No. 002081N



Amit A. Purohit

Partner

Membership Number : 101612

Place: Mumbai

Date: 19/4/2011

For and on behalf of the Board



Director

Manager

Place: Mumbai

Date: 19/4/2011



Director

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
Cash Flow from Operating Activities		
Net Loss Before Tax	(758,233)	(503,131)
Adjustments for :-		
Depreciation	-	-
Operating loss before Working Capital Changes	(758,233)	(503,131)
Adjustments changes in working capital:		
Increase / (decrease) in Trade and other receivables	-	-
Increase / (decrease) in Trade and other payables	(211,582)	372,263
Operating Cash Flows after Working Capital Changes	(969,815)	(130,868)
Net Cash Flow from Operations (A)	(969,815)	(130,868)
Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,600)	(496,001)
Increase in Capital Work In Progress	(1,709,803,315)	(1,244,186,708)
Increase / (decrease) in Trade and other payables	(808,038,706)	1,040,350,633
Increase / (decrease) in Trade and other receivables	(335,227,423)	(321,107,689)
Interest Received	4,600,413	-
Direct Taxes Paid	(2,397,886)	-
Net Cash from Investing Activities (B)	(2,850,868,517)	(525,439,765)
Cash flow from Financing Activities		
Issue of Equity Shares	-	500,000
Share Application Monies Received	70,000,000	654,500,000
Increased in Secured Loans	2,708,520,136	291,579,864
Interest Paid	(157,271,282)	(98,927,816)
Net Cash from Financing Activities (C)	2,621,248,854	847,652,049
Net Increase in Cash & Cash Equivalents (A+B+C)	(230,589,478)	322,081,415
Cash and Cash Equivalent at the beginning of the Year	322,081,415	-
Cash and Cash Equivalent at the end of the Year	91,491,937	322,081,415
Net Increase / (Decrease) in Cash & Cash Equivalents	(230,589,478)	322,081,415
Notes:		
Components of Cash & Cash Equivalent		
Cash on Hand	3,820	6,007
Balance with Scheduled Banks - Current Accounts	11,488,117	322,075,408
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	80,000,000	-
Fixed deposits placed for periods exceeding 3 months	91,491,937	322,081,415
Cash and bank balance (Schedule D)	91,491,937	322,081,415

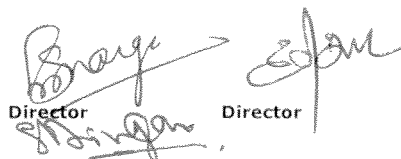
Significant accounting policies and Notes forming part of accounts **G**

For LUTHRA & LUTHRA
Chartered Accountants
Firm Registration No. 002081N



Amit A. Purohit
Partner
Membership Number . 101612
Place: Mumbai
Date: 19/4/2011

For and on behalf of the Board



Director
Director
Manager
Place: Mumbai
Date: 19/4/2011

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE A : SHARE CAPITAL

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
AUTHORISED		
65,500,000 Equity shares of Rs. 10/- each (Previous Period 65,500,000 Equity shares)	655,000,000	655,000,000
	655,000,000	655,000,000
ISSUED		
50,000 Equity shares of Rs. 10/- each (Previous Period 50,000 Equity shares)	500,000	500,000
	500,000	500,000
SUBSCRIBED AND PAID-UP		
50,000 Equity shares of Rs. 10/- each (Refer footnote) (Previous Period 50,000 Equity shares)	500,000	500,000
	500,000	500,000

Footnote:

Of the above, 37,000 shares (Previous Period 37,000 shares) are held by IL&FS Transportation Networks Limited the Holding Company

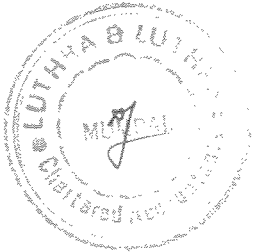
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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE B : SECURED LOANS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SECURED LOANS		
-From Scheduled Banks	2,550,700,000	291,579,864
-From Others	199,400,000	-
Secured by:		
(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		
(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.		
(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.		
(iv) Assignment of all the rights under Project Guarantees obtained pursuant to Development Contract or Operations Contract, if any, relating to the Project.		
(v) First ranking assignment of all contracts, documents, insurance, clearances and interests of the Company.		
-From the Holding Company (Secured by way of second pari passu charge over all assets other than project assets)	250,000,000	-
Total Secured Loans	3,000,100,000	291,579,864



8/12

21

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

Schedule C : FIXED ASSETS

Particulars	Gross Block		Depreciation		Net Block		Amount In Rupees	
	As at 01/04/2010	As at 31/03/2011	As at 01/04/2010	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010	As at 31/03/2010	As at 31/03/2010
Furniture & Fixtures	89,592	89,592	2,640	18,379	71,213	86,952		
Office Equipments	53,680	55,280	27,955	33,132	22,148	25,725		
Data Processing Equipments	352,729	352,729	12,152	100,336	252,393	340,577		
Total	496,001	497,601	42,747	151,847	345,755	453,254		
AS AT March 31, 2010	-	496,001	-	42,747	453,254	-		
Capital Work In Progress					3,205,740,555	1,343,157,271		

Depreciation on Fixed Assets is treated as part of the cost of project and hence included in "Capital Work In Progress"





HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE D : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT ASSETS		
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)		
Outstanding for more than Six months	-	-
Other Debts	14,009,266	-
Total sundry debtors	14,009,266	-
CASH & BANK BALANCES		
Cash on hand	3,820	6,007
Balance with scheduled banks		
In current account	11,488,117	322,075,408
In Fixed Deposit	80,000,000	-
Total cash and bank balances	91,491,937	322,081,415
OTHER CURRENT ASSETS		
Interest accrued	27,124	-
Total other current assets	27,124	-
LOANS & ADVANCES (Unsecured, considered Good)		
Advance against capital expenditure	636,000,000	318,000,000
Advances recoverable in cash or in kind or for value to be received	1,260,834	-
Deposits	7,000	-
Prepaid expenses	5,030,888	3,107,689
Advance Taxes (Net of Provision for tax)	1,197,886	-
Total loans & advances	643,496,608	321,107,689
Total Current assets, Loans & Advances	735,015,669	643,189,104

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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE E : CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT LIABILITIES		
(a) Sundry creditors		
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to creditors other than Micro and Small enterprises	211,794,335	1,025,864,161
(b) Other Liabilities	20,678,273	14,858,735
Total current liabilities	232,472,608	1,040,722,896
PROVISIONS		
Provision for Tax (net of advances)	-	-
Total provisions	-	-
Total Current Liabilities & Provisions	232,472,608	1,040,722,896

7

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21

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE F : ADMINISTRATIVE & GENERAL EXPENSES

	For the year ended March 31, 2011 Rupees	For the Period ended March 31, 2010 Rupees
Auditors' Remuneration	435,685	430,171
Bank Charges	158,425	30
Directors'/ Invitee Sitting Fees	110,000	40,000
Legal & Professional Fees	46,962	-
Insurance	221	-
Rates & Taxes	6,940	11,594
Total Administrative & General expenses	758,233	481,795



B. M.

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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Schedule – G: Significant Accounting Policies and Notes forming part 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.

(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 construction 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

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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

6. Capital Work-in-Progress

Capital Work-in-progress includes direct and attributable expenses for construction of Road net of interest earned on Fixed deposits.

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. Borrowing costs

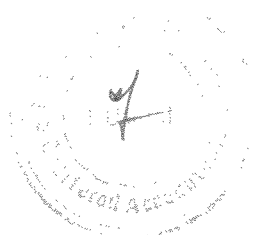
Borrowing costs attributable to construction of the road are treated as a part of Capital Work in progress for subsequent capitalization on commencement of commercial operations of the road.

10. 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.

11. 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. Contingent Assets are neither recognized nor disclosed.



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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

12. 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.

13. 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 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 been 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.



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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

(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, 2011 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) Fellow Subsidiaries : (With whom the Company has transacted during the period)

1. IL&FS Trust Company Limited
2. IL&FS Financial Services Limited

D) Other enterprises having significant influence over HREL :

Punj Lloyd Limited

E) Key Management Personnel:

Mr. Sanjay Minglani- Manager



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A handwritten signature in black ink, appearing to be "S. J. M." or similar.

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 year ended March 31, 2011	Transaction for the period ended March 31, 2010
IL&FS Transportation Networks Limited	Share Capital	NIL	370,000
	Share Application Monies	7,00,00,000	65,45,00,000
	Project Management Fees Paid	9,30,00,000	1,23,64,91,700
	Milestone Payment	1,54,28,00,916	NIL
	Mobilisation Advance Given	31,80,00,000	31,80,00,000
	Advisory Fees Paid	5,79,07,500	NIL
	Loan Received (Sub Debt)	25,00,00,000	NIL
	Interest Paid	6,57,534	NIL
IL&FS Trust Company Limited	Security Trustee Fees Paid	5,51,500	23,93,359
	Deposit Given	1,000	NIL
IL&FS Financial Services Limited	Syndication Fees Paid	NIL	75,906,254

(c) The Nature and closing balances during the period with the above-related parties were as follows:

Name of the Company	Nature of Transaction	Balance as on March 31, 2011	Balance as on March 31, 2010
IL&FS Transportation Networks Limited	Share Capital	3,70,000	3,70,000
	Share Application Monies	72,45,00,000	65,45,00,000
	Sundry Creditors	8,61,09,075	95,19,42,203
	Retention Money Payable	7,01,97,226	NIL
	Mobilisation Advance Recoverable	63,60,00,000	31,80,00,000
	Loan Payable (Sub Debt)	25,00,00,000	NIL
Punj Llyod Limited	Share Capital	1,30,000	1,30,000
IL&FS Trust Company Limited	Deposit Given	1,000	NIL
IL&FS Financial Services Limited	Syndication Fees Payable	NIL	68,315,629

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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

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

Particulars	For the Year Ended March 31, 2011 (Rs)	For the period Ended March 31, 2010(Rs)
Profit / (Loss) for the year	(19,58,233)	(5,03,131)
Weighted average number of equity shares outstanding in calculating Basic and Diluted EPS	50,000	50,000
Nominal Value of Equity Shares	10/-	10/-
EPS - Basic & Diluted	(39.16)	(10.06)

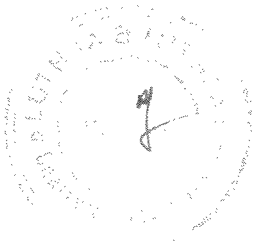
4. Managerial Remuneration:

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. Auditors' Remuneration (including Service Tax):

Particulars	For the Year ended March 31, 2011 (Rs)	For the Period ended March 31, 2010 (Rs)
Statutory Audit fees	82,725	82,726
Certification Matters	77,210	71,695
Other Services	2,75,750	2,75,750
Total	4,35,685	4,30,171

6. Capital Work in Progress is net of Rs. 46,00,413/- (Previous period Rs. Nil) towards interest on Fixed Deposits. The tax provision in respect of the said income amounting to Rs. 12,00,000/- (Previous period Rs. Nil) has been debited to the Profit & Loss account.



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HAZARIBAGH RANCHI EXPRESSWAY LIMITED

7. Contingent Liabilities and commitments not provided for

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
Capital Commitments in respect of the Road Project(net of advances paid)	4,32,04,42,834	6,27,42,43,750
Total	4,32,04,42,834	6,27,43,43,750

8. 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.

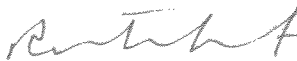
9. In the opinion of the Board of Directors, Current Assets, Loans and Advances are realizable at a value, which is at least equal to the amount at which these are stated in the ordinary course of business and provision made for all known and determined liability are adequate and not in excess of the amount stated.
10. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 have been given to the extent applicable.
11. 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.
12. Previous period comprises period beginning March 19, 2009 (being date of incorporation) and ending on March 31, 2010 and hence the figures for previous period are strictly not comparable with those of current year. Previous period figures have been rearranged / regrouped wherever necessary to make them conform to current year's classification.

As per our report of even date

For Luthra & Luthra

Chartered Accountants

Firm Registration No. 002081N



Amit A. Purohit
Partner

M. No- 101612

Place: Mumbai

Date: 19/4/2011

For and behalf of the Board



Director

Director



Manager

Place: Mumbai

Date: 19/4/2011