VANSH NIMAY INFRAPROJECTS LIMITED

ANNUAL REPORT

2012-13

DIRECTORS' REPORT

The Shareholders,
Vansh Nimay Infraprojects Limited

Your Directors have pleasure in presenting the Seventh Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2013

Financial Results:

The financial results of the Company are as under:

(in ₹)

Particulars	Year ended on March 31, 2013	Year ended on March 31, 2012
Total Income		493,763,184
Total Expenses		695,276,776
Profit /(Loss) Before Tax		(201,513,592)
Less: Provision for Tax		-
Profit /(Loss) After Tax		(201,513,592)
Balance carried forward		(493,417,130)

Operations:

As per the contract awarded by the Municipal Corporation of Nagpur (NMC) and the Concession Agreement dated February 9, 2007 entered with NMC (the "Agreement"), the Company has been running and maintaining 230 buses Nagpur City Bus (150 standard buses and 80 small buses)

Keeping in view the public transport requirements of city of Nagpur, NMC had obtained the approval under JNNURM scheme to induct additional 300 buses apart from existing 230 buses being operated by the Company. The Company had signed a Supplementary Agreement with NMC on March 3, 2010 for infusion of additional 300 buses (240 standard buses and 60 small buses) into its existing fleet of buses under the JNNURM scheme. The Company shall operate and maintain the entire fleet of 530 buses for a period of 10 years from the date of completion of deployment of 300 buses by NMC. The agreement provides for an extension of the concession period by another 5 years subject to satisfactory operations of the Project by VNIL.

Dividend:

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

Capital:

During the year under the review there was no change in the Capital Structure of the Company. The authorized share capital and paid-up share capital of your Company is ₹25,00,00,000 and ₹15,89,00,000, respectively.

Directors:

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Ravi Sreehari and Mr. Deep Sen, Directors, retires by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Auditors:

M/s. Lakhani & Co., Chartered Accountants, retires at the ensuing Annual General Meeting of the Company and have expressed their willingness to continue as Statutory Auditors of the Company, if re-appointed.

Corporate Governance:

Four Board Meetings were held during the year under review on April 19, 2012, July 18, 2012, October 23, 2012 and January 17, 2013. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board meetings held during the tenure	No. of Board Meetings Attended
1	Mr. Ravi Sreehari	4	3
2	Mr. Ajay Dhawangale	4	2
3	Mr. Deep Sen	4	4
4	Mr. S. C. Mittal	4	3

The Audit Committee has been constituted for good corporate governance and focused attention on the affairs of the Company. The Audit Committee comprises of Mr. Deep Sen, Mr. Ravi Sreehari, Mr. S. C. Mittal and Mr. Ajay Dhawangale. The Audit Committee met four times during the year under review on April 19, 2012, July 18, 2012, October 23, 2012 and January 17, 2013.

Deposits:

Your Company has not invited/ accepted any deposits during the year under review

Particulars of Employees:

There were no employees in respect of whom the information is required to be provided pursuant to Section 217(2A) of the Companies Act, 1956.

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

<u>Foreign Exchange Earnings and Outgo</u>:

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 and hence not provided

<u>Industrial Relations:</u>

During the year under review, labour relations remained cordial and smooth, except for few strikes, which were resolved

<u>Acknowledgments</u>:

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including Nagpur Municipal Co-operation and other Regulatory Authorities, Banks, Financial Institution and Shareholders of the Company.

For and on behalf of the Board

SD/- SD/-
Ajay Dhawangale Ravi Sreehari

Mumbai, April 17, 2013

Lakhani & Co. (Regd.)
CHARTERED ACCOUNTANTS

Hemsharsaka, 19, Gola Lane,
Fort, Mumbai - 400 001.
Tel. : 2266 6660 / 1 / 2
Fax : 2266 6644
E-mail : lakhani@lakhanicompany.com

INDEPENDENT AUDITOR'S REPORT

To the Member of Vansh Nimay Infraprojects Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **VANSH NIMAY INFRAPROJECTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

LAKHANI & CO. MUMBAI Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note no. 37 forming part of financial statement, The Company has incurred net loss of Rs. 263,930,562/- during the year ended 31st March, 2013 and has negative net worth of Rs. 598,447,693/- as at 31st March, 2013. However, based on the management's business plans and financial support from promoters, in the opinion of the management, no adjustment is required to the carrying value of the assets and liabilities of the company as of the Balance Sheet date and accordingly these financial statement have been prepared on a going concern basis

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2003 ("the Order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5of the Order.

2. As required by section 227(3) of the Act, 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 our audit;

(b) 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;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

LAKHANI & CO. MUMBAI Chartered Accountants

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Lakhani & Co.
Chartered Accountants
Firm Registration Number 105524W

S. Katu

(Sailesh Katudia)
Partner
Membership Number 105529

LAKHANI & CO. MUMBAI Chartered Accountants

Place : Mumbai
Date : 17/4/2013

Annexure to the Auditor's Report

The Annexure referred to in our report of even date to the members of VANSH NIMAY INFRAPROJECTS LIMITED on the financial statements for the year ended 31st March, 2013

(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 at reasonable intervals and no material discrepancies have been noticed on such verification

(c) The Company has not disposed off a substantial part of the fixed assets during the year.

(ii)

a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The Company is maintaining records of inventories which needs improvement. In our opinion the discrepancies noticed on verification of physical stocks and the book records were not material and have been properly dealt with the books of account.

(iii)

(a) The Company has not granted any interest bearing/ interest free secured/ unsecured loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (a), (b), (c) & (d) of Clause 4(iii) of the Order is not applicable.

(b) The Company has not taken any interest bearing/ interest free secured/ unsecured loans from any party covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (e), (f) & (g) of Clause 4(iii) of the Order is not applicable.

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(iv) In our opinion and according to the information and explanations given to us, the internal control systems have improved since the last year, however, efforts need to be put to make it commensurate with the size of the Company and the nature of its business with regard to purchases of spares, fixed assets and sale of services. 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 continuing failure to correct major weaknesses in the aforesaid internal control systems.

(v)

(a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) of Clause 4(v) 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) The Internal Audit is done by a firm of practicing Chartered Accountants.

(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 in respect of services carried by 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, investor education and protection fund, income tax, state value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities *except in the case of Passenger Tax and Nutrition Tax.*

(b) Based on our audit procedure and according to the information and explanations given to us, no undisputed dues payable in respect of provident fund, investor education and protection fund, employee's state insurance, income tax, state value added tax, wealth tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable, *except in case of passenger tax and nutrition tax amounting to Rs3,11,04,612/- and Rs5,03,35,871/- respectively.*

LAKHANI & CO. MUMBAI Chartered Accountants

(c) According to the information and explanations given to us, there are no dues in respect of income tax, wealth tax, service tax, state value added tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has accumulated losses at the end of the financial year which are more than 50% of its net worth. Further the company has incurred cash losses in the current financial year and financial year immediately preceding current financial year.

(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has generally not defaulted in the repayment of dues to the Banks and financial institution. There were no amounts outstanding on account of debentures during the year.

(xii) The Company has not granted 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) The Company is not a chit fund, nidhi or mutual fund or a 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, term loans availed by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short-term basis 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.

(xix) The Company has not issued any debentures. Accordingly clause 4(xix) of the Order is not applicable.

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(xx) The Company has not raised any money by public issue during the year. Accordingly clause 4(xx) of the Order is not applicable.

(xxi) During the course of our examination of the books 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 to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lakhani & Co.
Chartered Accountants
Firm Registration Number 105524W

(Sailesh Katudia)
Partner
Membership Number 105529

LAKHANI & CO. MUMBAI Chartered Accountants

Place : Mumbai
Date : 17/4/2013

VANSH NIMAY INFRAPROJECTS LIMITED

Balance Sheet As At March 31, 2013

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	Particulars	Note	As At March 31, 2013		As At March 31, 2012	
I	**EQUITY AND LIABILITIES**					
1	**SHAREHOLDERS' FUNDS**					
	(a) Share capital	2	158,900,000		158,900,000	
	(b) Reserves and surplus	3	(757,347,693)	(598,447,693)	(493,417,131)	(334,517,131)
2	**NON-CURRENT LIABLITIES**					
	(a) Long-term borrowings	4	190,112,187		286,314,490	
	(b) Long-term provisions	5	22,809,035	212,921,222	16,590,144	302,904,634
3	**CURRENT LIABILITIES**					
	(a) Short-term borrowings	6	387,800,000		173,000,000	
	(b) Trade payables	7	45,592,718		47,990,168	
	(c) Other current liabilities	8	154,824,708		126,674,911	
	(d) Short-term provisions	9	94,968,870	683,186,296	71,843,580	419,508,659
	TOTAL			**297,659,825**		**387,896,162**
II	**ASSETS**					
1	**NON CURRENT ASSETS**					
	(a) Fixed assets	10				
	(i) Tangible assets (net)		121,193,503		203,426,376	
	(ii) Intangible assets (net)		90,890,047		118,701,115	
				212,083,550		322,127,491
	(b) Non-current investments (net)	11	1,000		1,000	
	(c) Long-term loans and advances	12	9,375,228		303,125	
	(d) Other non-current assets	13	1,821,712	11,197,940	1,503,116	1,807,241
2	**CURRENT ASSETS**					
	(a) Inventories	14	4,499,635		3,487,426	
	(b) Trade receivables (net)	15	8,377,290		5,305,583	
	(c) Cash and bank balances	16	48,827,754		42,899,246	
	(d) Short-term loans and advances	17	12,673,656	74,378,335	12,269,175	63,961,430
	TOTAL			**297,659,825**		**387,896,162**

Notes 1 to 40 form part of the financial statements.

In terms of our report attached.
For Lakhani & Co.
Chartered Accountants

LAKHANI & CO. MUMBAI Chartered Accountants

Sailesh Katudia
Partner

Date : April 17 2013
Mumbai

For and on behalf of the Board

Director

Director

Manager

VANSH NIMAY INFRAPROJECTS LIMITED

Statement of Profit and Loss for the Year Ended March 31, 2013

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		Note	Year ended March 31, 2013	Year ended March 31, 2012
I	**Revenue from operations**	18	481,158,528	488,377,822
II	**Other income**	19	6,293,024	5,385,362
III	**Total revenue (I + II)**		**487,451,552**	**493,763,184**
IV	**Expenses**			
	Operating expenses	20	331,170,945	326,387,382
	Employee benefits expense	21	135,884,801	135,254,099
	Finance costs	22	81,365,243	69,558,169
	Administrative and general expenses	23	106,936,248	66,873,442
	Depreciation and amortization expense		96,024,877	97,203,685
	Total expenses		**751,382,114**	**695,276,776**
V	**Profit / (Loss) before taxation (IV - III)**		**(263,930,562)**	**(201,513,592)**
VI	**Tax expense:**			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
	Total tax expenses (VI)		-	-
VII	**Profit / (Loss) for the year (V - VI)**		**(263,930,562)**	**(201,513,592)**
	Earnings per equity share (Face value per share Rupees 10/-):	29		
	(1) Basic		16.61	12.68
	(2) Diluted		16.61	12.68

Notes 1 to 40 form part of the financial statements.

In terms of our report attached.
For Lakhani & Co.
Chartered Accountants

Sailesh Katudia
Partner

LAKHANI & CO. MUMBAI Chartered Accountants

For and on behalf of the Board

Director

Director

Manager

Mumbai, 17/4/2013

VANSH NIMAY INFRAPROJECTS LIMITED

Cash Flow Statement for the Year Ended March 31, 2013

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		Year ended March 31, 2013	Year ended March 31, 2012
Cash Flow from Operating Activities			
Profit / (Loss) Before Taxes		(263,930,562)	(201,513,592)
Adjustments for :-			
Interest Income		(3,110,005)	(2,936,551)
Finance costs		81,365,243	69,558,169
Loss on sale of fixed assets (net)		-	2,368,254
Provision for employee benefits (net)		6,220,050	8,448,548
Provision for Impairment Loss		14,194,985	-
Depreciation and amortization expense		96,024,877	97,203,685
Operating profit before Working Capital Changes		**(69,235,412)**	**(26,871,488)**
Adjustments changes in working capital:			
(Increase) / Decrease in Trade receivables		(3,071,707)	(81,161)
(Increase) / Decrease in other assets & loans and advances (current and non current)		(10,488,793)	(7,344,876)
Increase / (Decrease) in liabilities (current and non current)		20,534,381	50,045,885
Cash Generated from Operations		**(62,261,530)**	**15,748,360**
Direct Taxes paid (Net)		(318,596)	(142,760)
Net Cash generated from Operating Activities	(A)	**(62,580,127)**	**15,605,600**
Cash flow from Investing Activities			
Additions to fixed assets		(175,920)	(1,636,472)
(Increase) / Decrease in Capital WIP		-	1,249,695
Interest received		3,110,005	2,936,551
Net Cash used in Investing Activities	(B)	**2,934,085**	**2,549,774**
Cash flow from Financing Activities			
Proceeds from Issue of Shares		-	58,900,000
(Decrease)/ Increase in Advance towards capital		-	(54,000,000)
Proceeds from borrowings		214,800,000	90,000,000
Repayments of borrowings		(99,357,859)	(78,199,490)
Finance costs paid		(49,867,591)	(61,642,685)
Net Cash generated from Financing Activities	(C)	**65,574,550**	**(44,942,175)**
Net Increase / (Decrease) in Cash and Cash Equivalents	(A+B+C)	**5,928,508**	**(26,786,800)**
Cash and Cash Equivalent at the beginning of the year		42,899,246	69,686,046
Cash and Cash Equivalent at the end of the year		48,827,754	42,899,246
Net Increase / (Decrease) in Cash and Cash Equivalents		**5,928,508**	**(26,786,800)**
			₹
Components of Cash and Cash Equivalents			
Cash on Hand		2,469,853	1,702,144
Balance with Scheduled Banks and Non-Scheduled Banks - Current Accounts		6,660,307	4,313,040
Fixed Deposits placed for a period exceeding 3 months		1,151,561	1,066,732
Balance with Scheduled Banks and Non-Scheduled Banks in term deposits (maturity less than 3 months)		38,546,033	35,817,330
Cash and Bank Balances (Refer Note No "16")		**48,827,754**	**42,899,246**

Notes 1 to 40 form part of the financial statements.

In terms of our report attached
For Lakhani & Co.
Chartered Accountants

LAKHANI & CO. MUMBAI Chartered Accountants

For and on behalf of the Board

Sailesh Katudia
Partner

Director

Director

Manager

Mumbai 17/4/2013

Note No.1 : Significant Accounting Policies

1 **Nature of Operations**
The Company has been set up with the main object of running, operating and maintaining public transport service within the limit of Nagpur Municipal Corporation (NMC). The company has entered into an agreement with the Nagpur Municipal Corportaion on 9th February 2007 under the terms of which, the company has been granted a concession to operate and maintain the project/ project facilities for a period of 10 years commencing on March 2007 and ending on February 2017. The revenue is generated by collecting fare at a specified rate as mentioned in the agreement. The agreement period can be extended for a period of additional 5 years if the services provided by Vansh Nimay Infraprojects Limited (VNIL) are satisfactory. However VNIL entered into a supplementary agreement dated March 3, 2010 towards the right of operating additional 300 city buses and public transport under Jawaharlal Nehru National Urban Renewal Mission (JnnURM). Such supplementary agreement specifies validity period of the total project till ten years from the completion of deployment of such 300 buses. VNIL has to contribute 30% of the cost of JnnURM buses.

2 **Basis for preparation of Financial Statements**
The Financial Statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards. All income and expenditure having material bearing on the financial statements are recognised on accrual basis and comply with the Accounting Standards prescribed as referred to in Section 211(3C) of the Companies Act, 1956

3 **Use of estimates**
The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities)

4 **Fixed Assets and Depreciation/Amortisation**

(a) Tangible 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 us
Depreciation on tangible fixed assets is computed as under:

(i) In respect of premises, depreciation is computed on the Straight Line Method at the rates provided under Schedule XIV of the Companies Act, 1956.

(ii) Depreciation on Buses is provided under the straight-line method in the manner and as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iii) The Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets

Asset Type	Useful Life
Computers & Computer Software	4 years
Specialised office equipments	3 years
Assets provided to employees	3 years
Licensed Software	Over the License Period

Depreciation on fixed assets, other than on assets specified in Note (4.a) (i),(ii) & (iii) above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956. Depreciation is computed pro-rata from the date of acquisition of and upto the date of disposal.

(iv) Leasehold improvement costs are capitalised and amortised on a straight-line basis over the period of lease agreement unless the corresponding rates under Schedule XIV are higher, in which case, such higher rates are used.
All categories of assets costing less than Rs. 5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of purchase.

(b) Intangible fixed assets and depreciation

Intangible fixed assets acquired by the Company are reported at acquisition value of the Right to Operate the Buses, with deductions for accumulated depreciation and impairment losses, if any.

Depreciation on Intangible fixed assets is computed to amortise the asset over a period of Six years being the estimated useful life of the asset.

Intangible Assets other than Service Concession Arrangement are reported at acquisition value with deductions for accumulated amortization and impairment losses, if any. Amortization policy for various intangible assets is given below:

Software	4 years or the useful life of the software, whichever is shorter
Leasehold rights	Over the period of the economic life

LAKHANI & CO. MUMBAI Chartered Accountants

5 **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.

6 **Investments**
(a) Investments are capitalised at actual cost including costs incidental to acquisition.
(b) Investments are classified as long term or current at the time of making such investments.
(c) Long-term investments are individually valued at cost, less provision for diminution that is other than temporary.
(d) Current investments are valued at the lower of cost and market value.

7 **Inventories**
Inventories are valued at lower of cost or net reliasable value.

8 **Revenue Recognition**
Revenue is accounted for on accrual basis. Revenue is recognized when no significant uncertainty on measurability and collectability exists.

In case of excess amount collected by the conductors, amount of excess collection remaining unsettled for a period exceeding three months is recognized as revenue.

9 **Employee Benefits**
(a)
Employee benefits are recognized as an expense at the discounted amount expected to be paid over the period of services rendered by the employees to the Company.
Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

(b) Other Employee Benefits
Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the period end are reported as expenses in the period in which the employees perform the services that the benefit covers at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method

10 **Accounting for Taxes on Income**
Current tax is determined on the basis of the amount of tax payable in respect of taxable income for the period.

Deferred tax is calculated at current statutory income tax rate and is recognised, subject to the consideration of prudence, on timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

11 **Provisions, Contingent Liabilities and Contingent Assets**
A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

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12 **Financial Income and Borrowing Costs**

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

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

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

13 **Cash and Cash Equivalents**

Cash and bank balances, and current investments that have insignificant risk of change in value and original duration of up to three months, are included in the Group's cash and cash equivalents in the Cash Flow Statement.

14 **Cash Flow Statements**

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

15 **Current / Non Current Assets and Liabilities**

Assets are classified as current when it satisfies any of the following criteria:

i) It is expected to be realized within twelve months after the reporting date,

ii) It is held primarily for the purpose of being traded,

iii) It is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

All other assets are classified as Non Current.

Libailities are classified as current when it satisfies any of the following criteria:

i) It is expected to be settled within twelve months after the reporting date,

ii) It is held primarily for the purpose of being traded,

iii) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non Current.

16 **Earnings per Share**

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders of the Company by the weighted average number of equity 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.

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 2: Share capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Authorised				
Equity Shares of Rupees 10/- each	25,000,000	250,000,000	25,000,000	250,000,000
Issued				
Equity Shares of Rupees 10/- each	15,890,000	158,900,000	15,890,000	158,900,000
Subscribed and Paid up				
Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)	15,890,000	158,900,000	15,890,000	158,900,000
Total	**15,890,000**	**158,900,000**	**15,890,000**	**158,900,000**

Foot Notes:

i. Of the above 143,00,000 (As at March 31, 2012 : 143,000,000) Equity Shares are held by the holding company viz, ILFS Transportation Networks Limited ("ITNL") and its nominees and 1,590,000 (As at March 31, 2012 : 1,590,000) Equity Shares are held by Vansh Infotech Private Limited.

ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2013		As at March 31, 2012	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	15,890,000	158,900,000	10,000,000	100,000,000
Shares issued during the year	-	-	5,890,000	58,900,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	15,890,000	158,900,000	15,890,000	158,900,000

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited & Its nominees	14,300,000	90.00%	14,300,000	90.00%
Vansh Infotech Private Limited	1,590,000	10.00%	1,590,000	10.00%
Total	**15,890,000**	**100.00%**	**15,890,000**	**100.00%**

Note 3: Reserves and surplus

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Profit / (Loss) Surplus				
Opening balance	(493,417,131)		(291,903,539)	
(+) Profit / (Loss) for the current year	(263,930,562)		(201,513,592)	
Closing balance		(757,347,693)		(493,417,131)
Total		(757,347,693)		**(493,417,131)**

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 4: Long-term borrowings

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Term Loans				
(i) Secured				
From banks (Refer Foot Note 1)	167,316,589		252,121,096	
From financial institutions	22,795,598		34,193,394	
(refer foot note no. 1 & 2)		190,112,187		286,314,490
Total		**190,112,187**		**286,314,490**

Foot Notes:

1 Security

The aforesaid loans are secured by hypothecation of all movable properties and assets including buses, movable plant and machinery, spares, tools and accessories both present and future of the company and pledge of shares held by promoters in the company

2 Terms of Repayment

The loan availed from Union Bank of India under the JnnURM projects is repayable by March 2017. and loan facility under PMDO is repayable by March 2016. The aforesaid loans are repayable in quarterly instalments arrived at based on the disbursements made by the respective parties as stated below:

₹

Name of Bank	Amount outstanding as on 31.03.2013	Amount of quarterly instalment repayable
UBI(JnnURM Project)	68,398,533	5,695,111
PMDO Loan		
Allahabd Bank	4,552,278	569,034
Bank of India	11,129,991	1,391,248
Canara Bank	11,943,349	1,492,919
Central Bank of India	8,901,532	1,112,693
Corporation Bank	4,502,603	562,824
Dena Bank	4,456,885	557,112
IDBI Bank(Loan)	11,244,121	1,405,515
Indian Bank(Loan)	11,995,006	1,499,375
Oriental Bank of Commerce	6,673,090	834,137
Syndicate Bank	11024632	1378079
Union Bank of India	4,456,884	557,112
Vijaya Bank	4,456,885	557,112
Union Bank (LIC Share)	3,580,800	447,600
Name of Body Corporate	**Amount outstanding as on 31.03.2013**	**Amount of quarterly instalment repayable**
IIFCL	6,673,090	834,137
IL&FS Ltd (Loan)	8,390,772	1,048,846
LIC Of India(Loan)	7,731,736	966,466
Total	**190,112,187**	**20,909,320**

Rs.83,637,280/- which is repayable during the financial year 2013-2014 and is part of Secured Term Loan from banks is classified under Current Liabilities as "Current Maturities of Long Term Debt".

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 5: Long-term provisions

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Provision for employee benefits	22,809,035	22,809,035	16,590,144	16,590,144
Total		22,809,035		16,590,144

Note 6: Short-term borrowings

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) **Loans and advances from related parties**				
(i) Unsecured	387,800,000	387,800,000	173,000,000	173,000,000
Total		387,800,000		173,000,000

Note 7: Trade Payable

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) **Trade Payables**				
Creditors for Goods	12,332,996		14,716,458	
Creditor for expense	33,259,722		33,273,710	
		45,592,718		47,990,168
Total		45,592,718		47,990,168

Note 8: Other current liabilities

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Current maturities of long-term debt	83,637,280		86,792,836	
(b) Interest accrued but not due on borrowings	42,967,013		11,469,361	
(c) Income received in advance	5,222,062		4,427,119	
(d) Statutory dues	4,672,390		3,132,179	
(e) Security Deposit	17,542,438		20,433,149	
(f) Other Liabilities	783,525	154,824,708	420,267	126,674,911
Total		154,824,708		126,674,911

Note 9: Short-term provisions

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Provision for employee benefits.	933,587.00		932,428	
(b) Provision for Passenger Tax	94,035,283	94,968,870	70,911,152	71,843,580
Total		94,968,870		71,843,580

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VANSH NIMAY INFRAPROJECTS LIMITED

Notes forming part of the financial statements for the year ended March 31, 2013

Note 10: Fixed assets

₹

	Particulars	Gross block				Accumulated depreciation					Net block	
		Balance as at April 1, 2012	Additions	Disposals	Balance as at March 31,2013	Balance as at April 1, 2012	Depreciation charge for the year	On disposals	Balance as at March 31,2013	Impairment Loss Current Year	Balance as at March 31,2013	Balance as at March 31,2012
a)	**Tangible assets**											
	Vehicles Buses	399,939,950	-	-	399,939,950	214,475,148	64,653,134	-	279,128,282	14,194,985	106,616,682	185,464,801
	Other Vehicles	3,115,269	-	-	3,115,269	1,521,409	411,523	-	1,932,932	-	1,182,337	1,593,860
	Data processing equipments	3,156,245	25,800	-	3,182,045	1,541,498	743,069	-	2,284,566	-	897,479	1,614,747
	Office equipments	1,532,506	21,320	-	1,553,826	564,774	134,373	-	699,147	-	854,679	967,732
	Furniture and fixtures	1,595,639	126,000	-	1,721,639	842,913	137,613	-	980,526	-	741,113	752,726
	Plant and machinery	673,236	-	-	673,236	245,445	59,343	-	304,788	-	368,448	427,791
	ETS Machines	5,478,550	-	-	5,478,550	4,235,495	495,864	-	4,731,358	-	747,192	1,243,055
	Equipments - Vehicle Tracking System	13,150,092	-	-	13,150,092	1,788,429	1,576,089	-	3,364,519	-	9,785,573	11,361,663
	Total	428,641,487	173,120	-	428,814,607	225,215,110	68,211,008	-	293,426,119	14,194,985	121,193,503	203,426,376
b)	**Intangible assets**											
	Computer Software	58,116	2,800	-	60,916	33,197	12,016	-	45,213	-	15,703	24,919
	Software Licenses	12,574,495	-	-	12,574,495	5,398,324	3,136,387	-	8,534,711	-	4,039,784	7,176,170
	Right to Operate Buses (refer Foot Note no.1)	146,534,018	-	-	146,534,018	36,431,745	24,360,480	-	60,792,225	-	85,741,793	110,102,273
	E-Ticketing Machines - JNNURM	1,834,560	-	-	1,834,560	436,807.56	304,986	-	741,793	-	1,092,767	1,397,752
	Total	161,001,189	2,800	-	161,003,989	42,300,073	27,813,869	-	70,113,942	-	90,890,047	118,701,115
c)	**Capital work-in-progress**	-	-	-	-	-			-	-	-	-
d)	**Intangible assets under Development (refer foot note no. i)**	-	-	-	-	-	-	-	-	-	-	-
	Grand Total	589,642,676	175,920	-	589,818,596	267,515,183	96,024,877	-	363,540,061	14,194,985	212,083,550	322,127,491
	Previous period	591,737,827	1,636,472	3,731,623	589,642,676	171,674,869	97,272,093	1,363,369	267,515,184	-	322,127,492	

Foot Note:

i **Right to Operate Buses**

During the year 2010-11, the Company acquired commercial rights under the "Right to Operate, Running & Maintenance of JNNURM Buses" as per Supplementary Agreement with Nagpur Municipal Corporation.

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 11: Non-current investments

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) **Investment in Others**				
Investment in National Saving Certificate	1,000		1,000	
		1,000		1,000
Total		**1,000**		**1,000**

Note 12: Long-term loans and advances

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) **Capital Advances**				
Unsecured, considered good	9,057,143	9,057,143	-	-
(b) **Security Deposits**				
Unsecured, considered good	318,085	318,085	303,125	303,125
Total		**9,375,228**		**303,125**

Note 13: Other non-current assets

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Tax Deducted at Source	1,091,712		773,116	
(b) Advance Passenger Tax	710,000		710,000	
(c) Advance Fringe benefit Tax	20,000		20,000	
		1,821,712		1,503,116
Total		**1,821,712**		**1,503,116**

Note 14: Inventories

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
Inventories				
(i) Stores and spares	4,499,635	4,499,635	3,487,426	3,487,426
(As verified, valued and certified by the management)				
Mode of valuation : Lower of Cost or net realizable value				
Total		**4,499,635**		**3,487,426**

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 15: Trade receivables

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	463,900	463,900	302,638	302,638
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	7,913,390	7,913,390	5,002,945	5,002,945
Total		**8,377,290**		**5,305,583**

Note 16: Cash and Bank Balance

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Cash and cash equivalents				
Cash on hand	2,469,853		1,702,144.00	
Current accounts	6,660,307		4,313,039.53	
Fixed Deposits placed for a period exceeding 3 months	1,151,561		1,066,732	
Fixed Deposits placed for a period less than 3 months	38,546,033	48,827,754	35,817,330	42,899,246
Total		**48,827,754**		**42,899,246**

Note 17: Short-term loans and advances

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Other loans and advances				
Unsecured, considered good				
- Advance recoverable in cash or kind	8,517,308		8,320,107	
- Prepaid expenses	4,156,348		3,949,068	
		12,673,656		12,269,175
Total		**12,673,656**		**12,269,175**

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 18: Revenue from operations

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Income from services				
City Bus Collections (ETS)	403,108,680		407,432,566	
City Bus Pass Collections	74,217,201		77,102,960	
Penalty	392,477		13,171	
		477,718,358		484,548,697
(b) Sales (net of sales tax)				
Sale of Pass Form & RFID Card		3,440,170		3,829,125
		481,158,528		**488,377,822**

Note 19: Other income

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Interest Income				
Interest on bank deposits	3,110,005		2,936,551	
		3,110,005		2,936,551
(b) Other non-operating income				
Advertisement income	975,680		1,098,140	
Excess provisions written back	246,867		215,000	
Insurance Claim Received	88,950		143,527	
Scrap Sales	1,771,334		824,548	
Miscellaneous income	100,188	3,183,019	167,596	2,448,811
		6,293,024		**5,385,362**

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 20: Operating expenses

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Diesel and fuel expenses	248,068,065		220,637,234	
(b) Operation and maintenance expenses	83,102,880		102,562,632	
(c) Parking Expenses of Buses	-		819,262	
(d) Loss On Assets	-	331,170,945	2,368,254	326,387,382
		331,170,945		**326,387,382**

Note 21: Employee benefit expenses

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Salaries, Wages and allowances	116,974,860		117,969,929	
(b) Contribution to provident and other funds	18,481,963		16,967,204	
(c) Staff Training & Welfare expenses	427,978.00	135,884,801	316,966	135,254,099
		135,884,801		**135,254,099**

Footnote: (Disclosure to be given as per AS-15) - Refer Note No. 39

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 22: Finance costs

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) **Interest expenses**				
Interest on loans for fixed period	43,544,172		53,274,806	
Other interest	34,998,665	78,542,837	12,743,731	66,018,537
(b) **Other borrowing costs**				
Finance charges	2,822,406		3,539,632	
		2,822,406		3,539,632
		81,365,243		**69,558,169**

Note 23: Administrative and general expenses

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
Legal and consultation fees	32,256,371		4,594,414	
Travelling and conveyance	2,001,452		2,153,074	
Rent	1,735,399		1,565,346	
Rates and taxes	28,643,819		28,096,915	
Communication expenses	711,449		1,303,555	
Insurance	7,157,798		6,409,961	
Printing and stationery	834,829		792,683	
Electricity charges	928,206		998,524	
Directors' fees	-		1,200,000	
Bad debts and provision for doubtful debts	135,768		-	
Royalty	8,786,906		9,145,208	
Provision for Impairment Loss	14,194,985		-	
Miscellaneous expenses	9,549,266	106,936,248	10,613,762	66,873,442
		106,936,248		**66,873,442**

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 24: Earnings per equity share

Particulars	Unit	As at March 31, 2013	As at March 31, 2012
Profit / (loss) after tax and minority interest	₹	(263,930,562)	(201,513,592)
Premium on preference shares	₹	-	-
Tax on premium on preference shares	₹	-	-
Profit / (loss) available for Equity Shareholders	₹	(263,930,562)	(201,513,592)
Weighted number of Equity Shares outstanding	Numbers	15,890,000.00	15,890,000.00
Nominal Value of equity shares	₹	10.00	10.00
Basic Earnings per share	₹	(16.61)	(12.68)
Equity shares used to compute diluted earnings per share	Numbers	15,890,000	15,890,000
Diluted Earnings per share	₹	(16.61)	(12.68)

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

LAKHANI & CO. MUMBAI Chartered Accountants

Notes forming part of the financial statements for the year ended March 31, 2013

Note 25: Contingent liabilities and capital commitments

A) Contingent liabilities :

₹

Particulars			As at March 31, 2013	As at March 31, 2012
Sr No	Name of party	Description		
1	Nagpur Municipal Corporation (NMC)	Amount of Royalty unpaid to Nagpur Municipal Corporation (NMC) on account of No.of Buses not plied as per Concession Agreement (Refer Foot Note 1)	10,743,750	10,743,750

Foot Note 1

Royalty: Company was required to deploy 200 buses from the date of agreement, however the time limit to deploy the buses were extended upto 31st August, 2007. Since Company could deploy only 45 buses till 31st August, 2007, sought for further extension of time limit, which was granted till 28th February, 2008. Royalty though was stipulated to be paid on 200 buses, Company continued to pay on deployment basis.

Final extension for deployment of 200 buses was provided by the Standing Committee (governing body of NMC) for a period upto 31st March, 2009.

The communication received in this regard from the Standing Committee (governing body of NMC) does not insist on payment of royalty based on deployment originally stipulated.

In view of this and a specific mention in clause 14.4 of the Concession agreement, the company continues to pay royalty on the basis of buses plied on road instead of 200 buses.

The Company has paid royalty on the basis of buses plied on road in the current period and as of March 31, 2010, has paid on all 230 buses.

There has been no addition in the amount of Contingent liability and is similar to that as on 31st March 2010.

B) Estimated amount of contracts remaining to be executed on capital and other account :

₹

Particulars			As at March 31, 2013	As at March 31, 2012
Sr No	Name of party	Description		
1	For Depot Expenses	Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances Rs. 90,31,643 [previous year ended March 31, 2012 Rs. NIL)	40,968,357	6,408,814
2	For Buses (JNNURM)	Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances NIL [previous year ended March 31, 2012 Rs. 19,800,000)	-	19,800,000

Note No. 26: Amount paid/Payable to Auditors :

₹

Particulars			As at March 31, 2013	As at March 31, 2012
Sr No	Name of Auditors	Description		
1	Lakhani & Co.	Audit Fees	441,200	441,200
2	Lakhani & Co.	Tax Audit Fees	82,725	82,725
3	Lakhani & Co.	Other Services (assurance)	270,008	422,121

Note No.27: Segment Information:

The Company is engaged in service business and is a Special Purpose Vehicle (SPV) formed for the specific purpose detailed in note no.1 above and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard on "Segment Reporting" (AS-17 notified under the Companies (Accounting Standards) Rules,2006, have not been made.

LAKHANI & CO. MUMBAI Chartered Accountants

VANSH NIMAY INFRAPROJECTS LIMITED

Notes forming part of the financial statements for the year ended March 31, 2013

SPECIAL PURPOSE FINANCIAL STATEMENTS

Note 28: Related Party Statement

Current Year

a name of related parties and description of relationship
b Transactions / Balances with related parties as mentioned (a) above

Previous Year

c name of related parties and description of relationship
d Transactions / Balances with related parties as mentioned (c) above

(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:	IL&FS Urban Infrastructure Managers Limited. (IUIML)
	IL&FS Trust Company Limited.(ITCL)
	IL&FS Financial Services Limited (IFIN)
	IL&FS Securities Services Limited (ISSL)
Key Management Personnel (KMP):	Mr. Narayanan Doraiswamy

Note: The Company has no control over fellow subsidiaries; hence only fellow subsidiaries with which company has transactions are disclosed.

(B) Transactions:

₹

Nature of Transaction	Key Management Personal and Relatives	IL&FS	ITNL	IUIML	ITCL	ISSL
Asset Management Fees and Traveling & Other Expenses	-		353,656	2,729,188		
			2,866,922	*3,137,382*		
Security Trustee Fees	-				449,440	
					441,200	
Loan Taken	-		214,800,000			
			90,000,000			
Loan Repaid	-	4,195,384				
		4,195,384	-			
Interest on Loan	-	1,787,482	34,998,665			
		2,286,173	*12,743,731*			
Professional Fees						22,972
						-

(C)Balance Outstanding

₹

Nature of Transaction	Key Management Personal and Relatives	IL&FS	ITNL	IUIML	ITCL	ISSL
Professional Fees		-				
	-	-				
Asset Management Fees and Traveling & Other Expenses	-	-		(71,355)		
				(47,846)		
Creditors	-	-	2,726,166			
		-	*2,407,877*			
Loan	-	12,586,156	387,800,000			
		16,781,540	*173,000,000*			
Interest on Loan	-		42,967,013			
			11,469,361			

* Amount shown in brackets are debit balance

Note : Previous year figures are shown in *italics*

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Note No. 29:

The company is operating 230 buses comprising of 150 large buses and 80 small buses. In addition to 230 buses company had also acquired 240 large buses vide the Right to Operate the Buses during the year from 1st April 2010 to 31st March 2011 and has treated such right as Intangible Asset.

Note No. 30:

In the opinion of the Management and to the best of their knowledge and belief, the value on realizations of loans, advances and other assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities has been made.

Note No. 31: Employee Benefits

In terms of the Revised Accounting Standard 15 on Employee Benefits (AS-15) as notified by the Companies Accounting Standard Rules, 2006, the following disclosures have been made as required by the Standard:

The Company has provided for the amount of gratuity liability as required under the Act, in the absence of specific funding plans and the details of actuarial provision are as below:

(i). Reconciliation of Defined Benefit Obligation

₹

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Opening Defined Benefit Obligation	**96,41,214**	**49,44,405**
Current Service Cost	34,40,679	24,00,556
Interest Cost	843,606	4,07,913
Actuarial Losses	980,978	18,88,340
Benefits paid	(59,685)	-
Closing Defined Benefit Obligation	**1,48,46,792**	**96,41,214**

(ii). Reconciliation of Fair value of Plan Assets

₹

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Opening Fair value of Plan Assets	-	-
Expected return on Plan Assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain	-	-
Closing Fair value of Plan Assets	**-**	**-**

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(iii). Amount to be Recognized in Balance Sheet

₹

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Liability at the end of the period / year	**1,48,46,792**	**96,41,214**
Fair Value of Plan Assets at the end of the Period	-	-
Difference	(1,48,46,792)	(96,41,214)
Amount Recognized in the Balance Sheet	**(1,48,46,792)**	**(96,41,214)**

(iv). Expenses Recognised in the Profit and Loss Account

₹

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Current Service Cost	**34,40,679**	**24,00,556**
Interest Cost	8,43,606	4,07,913
Expected return on Plan Assets	-	-
Actuarial Losses (net)	9,80,978	18,88,340
Net gratuity expenses included in 'Payments to and provisions for employees'	**52,65,263**	**46,96,809**

(v). Summary of Actuarial Assumptions

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Discount Rate	8.25 %	8.75 %
Expected rate of return on Assets	8.25 %	8.25 %
Salary Escalation Rate	6.50 %	6.00 %
Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

(vi). Actual Return on Plan Assets

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Expected Return on Plan Assets	-	-
Actuarial gain/(loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-

Note No. 32:

National Saving Certificate of Rs.1,000/- disclosed under Investment is lying under the custody of ordinance factory for operating pass issue centre within the premises of ordinance factory.

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Note No. 33:

Trade receivable, Trade Payables, Other Current liabilities and Long term and Short term Loans & Advances are subject to balance confirmation.

Note No. 34:

(a) The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given.

(b) The Company has no information as to whether any of its suppliers constitute Small Scale Industrial Undertaking and therefore the amount due to such suppliers has not been identified.

Note No. 35:

The Spares, Tools and Consumables including RFID Card purchased during the year are charged off to Statement of Profit and Loss, excepting to the extent of physical stock in hand as at 31st March, 2013 as verified and certified by the management and has been relied upon by the auditors

Note No. 36:

Repairs and Maintenance includes the amount of insurable expenses being covered by Insurance claim, which is received and shown separately under other income.

Note No. 37:

The Company has incurred net losses of Rs.263,930,562/- during the year from 1st April 2012 to 31st March 2013 and has negative net worth of Rs.598,447,693/- as at 31st March, 2013. The Company's management believes that the Company will be able to operate as a going concern in the foreseeable future and meet all its obligations as they fall due for payment, based on the projected business plan envisaged and financial support from the promoters.

Note No. 38:

As a matter of prudence the Company has provided for passenger tax charged at 3.5% of the ticket revenue and nutrition tax at 15 paise per passenger, which is as per the Bombay Motor Vehicles (Taxation of Passengers) Act, 1958 and not accrued the subsidy receivable from the Government towards passes issued to Students, Senior Citizens and Freedom Fighters as per clause 8.13 of the Concession Agreement. Further company has not accounted for the interest and penalty if any levied over and above the provision of passenger tax and nutrition tax.

Note No. 39: Deferred Tax

In accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22), deferred tax assets and liability should be recognized 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 year of certainty/virtual certainty in accordance with the aforesaid Accounting Standard.

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Note No. 40: Previous Period / Year

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Notes 1 to 40 form part of the financial statements.

In terms of our report attached.
For Lakhani & Co.
Chartered Accountants

S.Kat

LAKHANI & CO. MUMBAI Chartered Accountants

Sailesh Katudia
Partner

Mumbai 17/4/2013

For and on behalf of the Board

Director

Director

Manager