

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

**ANNUAL REPORT**

**2012-13**

## DIRECTORS' REPORT

The Shareholders,  
**Hazaribagh Ranchi Expressway Limited**

Your Directors have pleasure in presenting the Fourth 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		-
Total Expenses		3,878,373
Profit/(Loss) Before Tax		(3,878,373)
<u>Less: Provision for Tax</u>		2,600,000
Profit/(Loss)After Tax		(6,478,373)
Balance carried forward		(8,939,737)

### Operations:

During the year under review, the Company continued the development works of 4-laning of Hazaribagh Ranchi section of NH-33 comprising of 74.465 kms, in the state of Jharkhand on Build Operate Transfer (BOT) Annuity basis awarded by the National Highways Authority of India. The Company has achieved physical progress of 94.27% as of March 31, 2013.

### 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 of your Company as on March 31, 2013 is ₹1,00,00,00,000 whereas the Paid-up Share Capital of the Company is ₹5,00,000

### Directors:

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Harish Mathur and Mr. Mukund Sapre, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

### Auditors:

M/s. Luthra & Luthra, 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 19, 2012, October 18, 2012 and January 18, 2013. The numbers of meetings attended by the Directors are as under:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>No. of Board Meetings held during tenure</b>	<b>Meetings attended</b>
1	Mr. Mukund Sapre	4	4
2	Mr. Harish Mathur	4	4
4	Dr. V. K. Raina	4	4
5	Dr. Nishant Shrivastava	4	0
6	Mr. Deep Sen	4	3
7	Mr. Rajnish Saxena	4	2

### **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

**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 and hence not provided

**Acknowledgments:**

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including National Highway Authority of India (NHAI), and other Regulatory Authorities, Banks, Financial Institution and Shareholders of the Company.

For and on behalf of the Board

Mumbai, April 18, 2013

SD/-  
Rajnish Saxena  
Managing Director

SD/-  
Harish Mathur  
Director

## AUDITORS' REPORT

To the Members of  
Hazaribagh Ranchi Expressway Limited  
Mumbai

We have audited the accompanying financial statement of Hazaribagh Ranchi Expressway Limited ("the Company") which comprises the Balance Sheet as at March 31, 2013, 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 have conducted our audit in accordance with 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 of material misstatements.

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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013; and



- ii. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies' Auditors Report Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
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 purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
  - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
  - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Luthra & Luthra  
Chartered Accountants  
Reg. No. 002081N

  
Akhilesh Gupta  
Partner  
M. No. 89909

Place : Mumbai  
Date : 18th April, 2013

ANNEXURE TO THE AUDITORS' REPORT  
(Referred to in paragraph 3 of our report of even date)

1.
  - a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
  - c. The company has not disposed off substantial part of fixed assets during the year.
2. In our opinion and according to the information and explanation given to us, the Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. We have not observed any failure on the part of the company to correct major weakness in internal control system.
4. As per the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanations given to us the company has not accepted deposits from the public.
6. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
7.
  - a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.
  - b. According to the information and explanation given to us, there is no disputed due on account of provident fund, investor education and protection fund; employees state insurance, sales tax, wealth tax, income tax, service tax and cess.
8. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
9. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from -bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.



10. In our opinion and according to the information and explanation given to us, the Company has applied the term loan for the purpose for which the loan was obtained.
11. Fund raised on short- term basis has not been used for long-term investment and vice versa.
12. 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.
13. The company has not raised money by public issue during the year.
14. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.
15. Other clauses i.e. (ii), (viii), (x), (xii), (xiii), (xiv) & (xix) of the order are not applicable to the Company.

For Luthra & Luthra  
Chartered Accountants  
Reg. No. 002081N

  
Akhilesh Gupta  
Partner  
(M. No. 89909)



Place: Mumbai  
Date : 18th April, 2013

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
Balance Sheet As At March 31, 2013

₹

Particulars	Note	As At March 31, 2013		As At March 31, 2012	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 SHAREHOLDERS' FUNDS</b>					
(a) Share capital	2	5,00,000		5,00,000	
(b) Reserves and surplus	3	(24,01,72,832)	(23,96,72,832)	(89,39,737)	(84,39,737)
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	4		96,45,00,000		96,45,00,000
<b>3 NON-CURRENT LIABILITIES</b>					
(a) Long-term borrowings	5A	7,69,23,10,400		5,91,85,08,600	
(c) Other long term liabilities	7	-	7,69,23,10,400	6,77,22,902	5,98,62,31,502
<b>4 CURRENT LIABILITIES</b>					
(a) Current maturities of long-term debt	5B	32,63,26,400		13,15,91,400	
(b) Short-term borrowings	6	73,00,00,000		50,00,00,000	
(c) Trade payables	8	97,20,841		8,78,99,960	
(d) Other current liabilities	9	1,18,68,08,370	2,25,28,55,611	45,31,77,268	1,17,26,68,628
<b>TOTAL</b>			<b>10,66,99,93,179</b>		<b>8,11,49,60,393</b>
<b>II ASSETS</b>					
<b>1 NON CURRENT ASSETS</b>					
(a) Fixed assets	10				
(i) Tangible assets		9,82,38,72,706		2,12,094	
(ii) Intangible assets		13,667		29,507	
(iii) Capital work-in-progress		-	9,82,38,86,373	7,91,83,34,506	7,91,85,76,107
(b) Long-term loans and advances	11	8,82,57,894		7,94,81,086	
(c) Other non-current assets		-	8,82,57,894	-	7,94,81,086
<b>2 CURRENT ASSETS</b>					
(a) Trade receivables	13	70,43,09,274		8,95,86,647	
(b) Cash and bank balances	14	2,06,95,870		1,03,17,020	
(c) Short-term loans and advances	12	3,28,43,768	75,78,48,912	1,69,99,533	11,69,03,200
<b>TOTAL</b>			<b>10,66,99,93,179</b>		<b>8,11,49,60,393</b>

Notes 1 to 26 form part of the financial statements.

In terms of our report attached.

For **LUTHRA & LUTHRA**  
Chartered Accountants  
Firm Registration No. 002067N

**Akhilesh Gupta**  
Partner  
Membership Number: 89909  
Place: Mumbai  
Date: April 18, 2013



For and on behalf of the Board

Managing Director

Director

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Statement of Profit and Loss for the Year Ended March 31, 2013**

₹

	Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
I	<b>Revenue from operations</b>		69,52,24,110	-
II	<b>Other income</b>	15	2,27,899	-
III	<b>Total revenue (I + II)</b>		<b>69,54,52,009</b>	-
IV	<b>Expenses</b>			
	Operating expenses	16	44,72,020	-
	Finance costs	17	56,18,92,084	-
	Administrative and general expenses	18	1,41,22,511	38,78,373
	Depreciation and amortization expense	10	34,73,98,489	-
	<b>Total expenses</b>		<b>92,78,85,104</b>	<b>38,78,373</b>
V	<b>Profit/(Loss) before taxation (III-IV)</b>		<b>(23,24,33,095)</b>	<b>(38,78,373)</b>
VI	<b>Tax expense:</b>			
	(1) Current tax		-	26,00,000
	(2) Excess provisions of Earlier Year Written Back		12,00,000	-
	(3) Deferred tax assets		-	-
	<b>Total tax expenses (VI)</b>		<b>12,00,000</b>	<b>26,00,000</b>
VII	<b>Profit/(Loss) for the year (V-VI)</b>		<b>(23 12 33 095)</b>	<b>(64,78,373)</b>
	Earnings per equity share (Face value per share Rupees 10/-):	19		
	(1) Basic		(4,624.66)	(129.57)
	(2) Diluted		(4,624.66)	(129.57)

Notes 1 to 26 form part of the financial statements.

In terms of our report attached,

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

**Akhilesh Gupta**  
Partner  
Membership Number : 89909  
Place: Mumbai  
Date: April 18, 2013



For and on behalf of the Board

*[Signature]*  
Managing

*[Signature]*  
Director

A

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
Cash Flow Statement for the year ended March 31, 2013

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Cash Flow from Operating Activities</b>		
<b>Profit/(Loss) Before Tax</b>	<b>(23,24,33,095)</b>	<b>(38,78,373)</b>
<b>Adjustments for :-</b>		
Depreciation	34,73,98,489	-
Interest & Finance Expenses	56,18,92,084	-
<b>Operating profit/(Loss) before Working Capital Changes</b>	<b>67,68,57,478</b>	<b>(38,78,373)</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Other Current, Other Non-Current Assets & Trade Receivables	(69,52,24,110)	-
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	52,80,228	2,60,894
<b>Operating Cash Flows after Working Capital Changes</b>	<b>(1,30,86,404)</b>	<b>(36,17,479)</b>
Payment of Taxes	(10,53,091)	(54,75,480)
<b>Net Cash Generated / (Used) in Operating Activities (A)</b>	<b>(1,41,39,495)</b>	<b>(90,92,959)</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets (Including Construction of "Road")	(1,82,83,53,468)	(4,12,51,61,371)
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	58,57,40,204	37,60,66,628
(Increase) / Decrease in Other Current, Other Non-Current Assets & Trade Receivables	5,81,33,531	47,43,41,212
Interest Received	25,80,834	75,96,710
<b>Net Cash from Investing Activities (B)</b>	<b>(1,18,18,98,899)</b>	<b>(3,26,71,56,821)</b>
<b>Cash flow from Financing Activities</b>		
Share Application Monies Received	-	24,00,00,000
Proceeds from Long-term Borrowings	2,13,17,00,000	3,05,00,00,000
Repayment of Long-term Borrowings	(16,31,63,200)	-
Short term loans taken	23,00,00,000	50,00,00,000
Interest and Finance Charges Paid	(99,21,19,556)	(59,49,25,137)
<b>Net Cash from Financing Activities (C)</b>	<b>1,20,64,17,244</b>	<b>3,19,50,74,863</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,03,78,850</b>	<b>(8,11,74,917)</b>
Cash and Cash Equivalent at the beginning of the year (Note No.16)	1,03,17,020	9,14,91,937
Cash and Cash Equivalent at the end of the year (Note No.16)	2,06,95,870	1,03,17,020
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>1,03,78,850</b>	<b>(8,11,74,917)</b>
<b>Notes:</b>		
<b>Components of Cash &amp; Cash Equivalent</b>		
Cash on Hand	366	700
Balance with Scheduled Banks - Current Accounts	2,06,95,504	1,03,16,320
	<b>2,06,95,870</b>	<b>1,03,17,020</b>
Fixed deposits placed for periods exceeding 3 months	-	-
Cash and bank balance (Note No.16)	<b>2,06,95,870</b>	<b>1,03,17,020</b>

Notes 1 to 26 form part of the financial statements.

In terms of our report attached.

For **LUTHRA & LUTHRA**  
Chartered Accountants  
Firm Registration No.093001N

**Akhilesh Gupta**  
Partner  
Membership Number : 89900  
Place: Mumbai  
Date: April 18, 2013

For and on behalf of the Board

  
Managing Director

  
Director



21

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Notes forming part of financial statement for the year ended March 31, 2013**

**Note – 1: Background and Significant Accounting Policies**

**(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, ('the Act') 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.

**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").



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Notes forming part of financial statement for the year ended March 31, 2013**

**4. Current & Non Current Classifications**

An asset is classified as current when it satisfies following criteria:

- a) It is expected to be realized in or is intended for sale or consumption in, the company's operating cycle;
- b) It is expected to be realised within 12 months after the reporting date;
- c) 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.

A liability is classified as current when it satisfies any of following criteria:

- a) It is expected to be settled in the company's normal operating cycle;
- b) It is due to be settled within 12 months after the reporting date;
- c) 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.

**5. 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.

**6. Depreciation**

- a. Depreciation on road is provided on straight line basis from commencement of commercial operation over remaining concession period.
- b. 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.
- c. 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:



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Notes forming part of financial statement for the year ended March 31, 2013**

<b>Asset Type</b>	<b>Useful Life</b>
Computers	4 Years
Specialised Office Equipments	3 Years
Assets Provided to Employees	3 Years
Licensed Softwares	Over the license period

**7. Capital Work-in-Progress**

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

**8. 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.

**9. 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.

**10. 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.

**11. 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.

**12. 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.



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Notes forming part of financial statement for the year ended March 31, 2013**

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.

**13. 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.

**14. 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.



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

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	₹
<b>Authorised</b>				
Equity Shares of Rupees 10/- each	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
<b>Issued</b>				
Equity Shares of Rupees 10/- each	50,000	5,00,000	50,000	5,00,000
<b>Subscribed and Paid up</b>				
Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, iii and iv)	50,000	5,00,000	50,000	5,00,000
<b>Total</b>	<b>50,000</b>	<b>5,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

#### Foot Notes:

##### i. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares are entitled to receive dividends as and when declared by the company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportionate to the number of equity shares held by the shareholders.

##### 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	50,000	5,00,000	50,000	5,00,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

##### 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 (Holding Company)	37,000	74	37,000	74
Punj Llyod Limited	13,000	26	13,000	26
<b>Total</b>	<b>50,000</b>	<b>100</b>	<b>50,000</b>	<b>100</b>

iv. Of the above 37,000 shares are held by the holding Company (As at March 31, 2012 : 37,000 shares).

### Note 3: Reserves and surplus

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Profit / (Loss) Surplus</b>				
Opening balance	(89,39,737)		(24,61,364)	
(+) Profit/(Loss) for the current period	(23,12,33,095)	(24,01,72,832)	(64,78,373)	(89,39,737)
<b>Total</b>		<b>(24,01,72,832)</b>		<b>(89,39,737)</b>

### Note 4: Share Application Money Pending Allotment

Particulars	As at March 31, 2013	As at March 31, 2012
	Share Application Money Pending Allotment	96,45,00,000
<b>Total</b>	<b>96,45,00,000</b>	<b>96,45,00,000</b>

#### Note:

Company received the share application money from IL&FS Transportation Networks Limited during 2010-11. Company has sufficient authorized share capital to cover the share capital amount resulting from allotment of shares

Currently, the Company is contemplating to convert this into sub-debt, which is pending for necessary approvals from NHAI



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 5: (A) Long-term borrowings**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Term Loans</b>				
<b>(i) Secured</b>				
From banks (refer foot note no. i)	5,92,23,10,400		5,02,38,13,600	
From financial institutions (refer foot note no. i)	47,00,00,000		39,46,95,000	
From Holding Company (Secured by way of second pari passu charge over all assets other than project assets)	50,00,00,000		50,00,00,000	
		6,89,23,10,400		5,91,85,08,600
<b>(ii) Unsecured</b>				
From banks		80,00,00,000		
<b>Total</b>		<b>7,69,23,10,400</b>		<b>5,91,85,08,600</b>

**Foot Notes:****1 Secured By:**

Term loans from banks are secured by hypothecation of:

(a) All movable, tangible and intangible assets, receivables, cash and investments created as part of the projects.

(b) All the monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.

(c) Assignment of all rights, title, benefits, claims and demands of the Borrowers under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.

(d) Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.

(e) First ranking assignment of all contract, documents insurance contracts/insurance Proceeds (Security Trustee to be named as loss payee), clearances and interests of the Borrower.

**2. Terms of Repayment:**(a) The Company shall repay the term loans to each of the senior lenders in 43 unequal quarterly installments commencing in the quarter ending December 31, 2012 and terminating on December 31, 2023, as the repayment schedule, as set out in **Footnote given below**.

(b) Amounts repaid by the Company shall not be re-borrowed.

(c) Any senior lenders may, in suitable circumstances, at the request of the Company and subject to consent of the other senior lenders revise or vary the repayment schedule or postpone the payment of any specific repayment installment(s) or part thereof, upon such terms and conditions shall form a part of this agreement as an amendment to repayment schedule hereto.

(d) If for any reason the amount finally disbursed by the senior lenders is less than the total commitments, the repayment installments shall stand reduced proportionately but shall be paid on the repayment dates as set out in the repayment schedule.

(e) In the event of any default in the payment of the repayment installments of principal, interest and default interest, postponement, if any, allowed by any of the senior lenders shall be at the rate of interest as may be stipulated by the concerned senior lenders at the time of postponement.

**Footnote:**

Repayment Schedule:

Senior Debt : In 45 unequal quarterly installments commencing in the quarter ending December 31, 2012 and terminating on December 31, 2023.

Sub -Debt in 5 unequal quarterly installments commencing in the quarter ending September 30, 2025 and terminating on September 30, 2026:

Financial Year	Repayment (%)	Amount of Senior Debt Repayment (Amt. in Rs.)	Amount of Sub Debt Repayment (Amt. in Rs.)	Amount of Unsecured - Bank Repayment (Amt. in Rs.)
2013-2014	5	32,63,26,400	-	-
2014-2015	5	36,46,17,200	-	11,42,85,714
2015-2016	6	37,73,80,800	-	22,85,71,429
2016-2017	6	40,29,08,000	-	22,85,71,429
2017-2018	6	42,84,35,200	-	22,85,71,429
2018-2019	7	45,39,62,400	-	-
2019-2020	7	47,94,89,600	-	-
2020-2021	8	50,50,16,800	-	-
2021-2022	9	58,10,71,200	-	-
2022-2023	9	62,15,98,400	-	-
2023-2024	32	2,17,78,30,800	-	-
2024-2025	-	-	-	-
2025-2026	55	-	27,50,00,000	-
2026-2027	45	-	22,50,00,000	-
<b>Total</b>		<b>6,71,86,36,800</b>	<b>50,00,00,000</b>	<b>80,00,00,000</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 5: (B) Current maturities of long-term debt**

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Term Loans</b>				
<b>(i) Secured</b>				
From banks	30,63,26,400		12,15,91,400	
From financial institutions	2,00,00,000	32,63,26,400	1,00,00,000	13,15,91,400
<b>Total</b>		<b>32,63,26,400</b>		<b>13,15,91,400</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 6: Short-term borrowings**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Loans and advances from related parties</b> Unsecured (from Holding Company)		73,00,00,000		50,00,00,000
<b>Total</b>		<b>73,00,00,000</b>		<b>50,00,00,000</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 7: Other long term liabilities**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Other liabilities</b>				
Payable on account of capital expenditure				6,77,22,902
To related parties		-		
To others		-		-
<b>Total</b>		-		<b>6,77,22,902</b>

**Note 8: Trade Payables**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Trade Payables (Refer Footnote)</b>				
To related parties	15,52,218		-	
To others	81,68,623	97,20,841	8,78,99,960	8,78,99,960
<b>Total</b>		<b>97,20,841</b>		<b>8,78,99,960</b>

**Note 9: Other current liabilities**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Interest accrued and due on borrowings	-		32,91,351	
(b) Payable on account of capital expenditure				
To related parties	1,18,30,41,460		44,98,47,017	
To others	-		-	
(b) Statutory Dues	37,66,910	1,18,68,08,370	38,900	45,31,77,268
<b>Total</b>		<b>1,18,68,08,370</b>		<b>45,31,77,268</b>

**Footnote:**

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



**HAZARIBAGH RANCHI EXPRESSWAY 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	Net block
	Balance as at April 1st 2012	Additions	Disposals	Balance as at March 31, 2013	Balance as at April 1st 2012	Depreciation charge for the year	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
<b>a) Tangible assets</b>									
Roads and bridges*	-	10,17,10,85,761	-	10,17,10,85,761	-	34,73,39,597	34,73,39,597	9,82,37,46,164	-
Data processing equipments	2,89,371	-	-	2,89,371	1,54,869	72,344	2,27,013	62,358	1,34,702
Office equipments	55,280	-	-	55,280	36,212	2,652	38,864	16,416	19,068
Furniture and fixtures	89,592	-	-	89,592	31,268	10,556	41,824	47,768	58,324
<b>Total</b>	<b>4,34,243</b>	<b>10,17,10,85,761</b>	<b>-</b>	<b>10,17,15,20,004</b>	<b>2,22,149</b>	<b>34,74,25,149</b>	<b>34,76,47,298</b>	<b>9,82,38,72,706</b>	<b>2,12,094</b>
<b>b) Intangible assets</b>									
Software / Licences	63,358	-	-	63,358	33,851	15,840	49,691	13,667	29,507
<b>Total</b>	<b>63,358</b>	<b>-</b>	<b>-</b>	<b>63,358</b>	<b>33,851</b>	<b>15,840</b>	<b>49,691</b>	<b>13,667</b>	<b>29,507</b>
<b>Capital Work In Progress</b>	<b>7,91,83,34,506</b>	<b>2,25,27,19,817</b>	<b>10,17,10,54,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,91,83,34,506</b>
<b>Grand total</b>	<b>7,91,88,32,107</b>	<b>12,42,38,05,578</b>	<b>10,17,10,54,323</b>	<b>10,17,15,83,362</b>	<b>2,56,000</b>	<b>34,74,40,989</b>	<b>34,76,96,989</b>	<b>9,82,38,86,373</b>	<b>7,91,85,76,107</b>
<b>PREVIOUS YEAR</b>	<b>3,20,62,38,156</b>	<b>4,71,25,93,951</b>	<b>-</b>	<b>7,91,88,32,107</b>	<b>1,51,847</b>	<b>1,04,153</b>	<b>2,56,000</b>	<b>7,91,85,76,107</b>	<b>3,20,60,86,309</b>

**Notes:**

\* Borrowing Cost of Rs 426,957,669/- (P. Y 851,124,235/-) has been capitalised during the year

\*\* Pursuant to the recommendation of Independent Engineer, National Highway Authority of India ("NHAI") has issued letter of Commercial Operation Date with retrospective effect from September 15, 2012. Accordingly, Company has capitalized the project and recognized annuity income during the current financial year based on terms and conditions of the Concession Agreement



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 11: Long-term loans and advances**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>(a) Capital Advances</b>				
Unsecured, considered good	6,34,00,437	6,34,00,437	7,94,74,086	7,94,74,086
<b>(b) Other loans and advances</b>				
Unsecured, considered good				
- Security Deposits	2,90,500		7,000	
- Pre-Paid Expenses	2,45,66,957	2,48,57,457	-	7,000
<b>Total</b>		<b>8,82,57,894</b>		<b>7,94,81,086</b>

**Note 12: Short-term loans and advances**

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
<b>Other loans and advances</b>				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	63,26,457		40,73,366	
- Cess Receivable	43,26,680		26,41,273	
- WCT Receivable	93,91,491		52,82,676	
- Pre-Paid Expenses	1,27,99,140		50,02,218	
- Short term loans - others	-	3,28,43,768	-	1,69,99,533
<b>Total</b>		<b>3,28,43,768</b>		<b>1,69,99,533</b>



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2013

### Note 13: 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		70,29,31,958		8,95,86,647
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good		13,77,316		-
<b>Total</b>		<b>70,43,09,274</b>		<b>8,95,86,647</b>

### Note 14: Cash and bank balances

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Cash and cash equivalents				
Cash on hand		366		700
Balance with banks				
-on Escrow / Current accounts (refer foot note below)	2,06,95,504		1,03,16,320	
-Fixed Deposits placed for a period less than 3 months		2,06,95,870		1,03,17,020
<b>Total</b>		<b>2,06,95,870</b>		<b>1,03,17,020</b>

#### Footnote

As per the Concession agreement entered into by the Company, the Company is required to maintain an Escrow Account with the Lead Bank and route all the receipts on account of borrowings / capital contribution / earnings / other receipts and project related expenditure through the same.



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 15: Other income**

₹

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
<b>Other non-operating income</b>				
Miscellaneous income		2,27,899		-
<b>Total</b>		<b>2,27,899</b>		<b>-</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 16: Operating expenses**

₹

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Operation and maintenance expenses		44,72,020	
<b>Total</b>		<b>44,72,020</b>		<b>-</b>



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2013

### Note 17: Finance costs

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
<b>(a) Interest expenses</b>				
Interest on loans for fixed period		56,04,62,562		-
<b>(b) Other borrowing costs</b>				
Finance charges		14,29,522		-
<b>Total</b>		<b>56,18,92,084</b>		<b>-</b>

### Note 18: Administrative and general expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
Legal and consultation fees	58,60,343		2,90,703	
Auditors' Remuneration	6,34,182		7,65,320	
Travelling and conveyance	95,351		2,44,667	
Rates and taxes	2,710		2,500	
Bank commission	72,464		96,237	
Registration expenses	-		24,15,000	
Insurance	73,16,040		904	
Printing and stationery	638		1,872	
Directors' fees	85,000		60,000	
Telephone & Communication Charges	44,041		-	
Miscellaneous expenses	11,742	1,41,22,511	1,170	38,78,373
<b>Total</b>		<b>1,41,22,511</b>		<b>38,78,373</b>

### Auditors' Remuneration Includes:

Particulars		As at March 31, 2013	As at March 31, 2012
<b>Sr. No.</b>	<b>Description</b>		
1	Audit Fees	5,64,375	6,61,802
2	Other Services	67,415	1,01,476
3	Reimbursement of Expenses	2,392	2,042
	<b>TOTAL</b>	<b>6,34,182</b>	<b>7,65,320</b>



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 19.: Earnings per equity share**

Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
Profit after tax and minority interest	Rupees	(23,12,33,095)	(64,78,373)
Premium on preference shares	Rupees	-	-
Tax on premium on preference shares	Rupees	-	-
Profit available for Equity Shareholders	Rupees	(23,12,33,095)	(64,78,373)
Weighted number of Equity Shares outstanding	Numbers	50,000	50,000
Nominal Value of equity shares	Rupees	10.00	10.00
Basic Earnings per share	Rupees	(4,624.66)	(129.57)
Equity shares used to compute diluted earnings per share	Numbers	9,65,00,000	8,32,83,562
Diluted Earnings per share	Rupees	(4,624.66)	(129.57)



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2013

### Note 20: Related Party Statement

Nature of Relationship	Name of Entity	Acronym used
Holding Company :	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries	IL&FS Trust Company Limited	ITCL
	Elsamex India Pvt. Ltd.	EIPL
Key Management personnel :	Rajnish Saxena	Managing Director
Other Enterprises having significant influence over	Punj Lyod Limited	PLL

#### 2. Details of balances and transactions during the period with related parties

Account head	Name of Entity	As at March 31, 2013	As at March 31, 2012
<b>Balances:</b>			
Share Capital	ITNL	3,70,000	3,70,000
Share Application Monies	ITNL	96,45,00,000	96,45,00,000
Sundry Creditors	ITNL	1,10,37,41,665	44,98,47,017
Retention Money - Payable	ITNL	7,92,99,795	6,77,22,902
Mobilisation Advance Recoverable	ITNL	5,63,84,576	7,94,74,086
Secured Loan - Sub Debt	ITNL	50,00,00,000	50,00,00,000
Unsecured Short Term Loan	ITNL	73,00,00,000	50,00,00,000
Deposit Given	ITCL	1,000	1,000
Share Capital	PLL	1,30,000	1,30,000
Sundry Creditors	EIPL	15,52,218	-
<b>Transactions:</b>		<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
Milestone Payment	ITNL	1,53,34,28,156	1,82,82,09,286
Development Fees Paid	ITNL	26,70,00,000	4,65,00,000
Interest On Sub Debt paid	ITNL	13,32,58,683	1,92,32,877
Loan Taken	ITNL	1,26,00,00,000	50,00,00,000
Loan Repaid	ITNL	1,03,00,00,000	-
Operation and Maintenance Charges	EIPL	44,72,020	-
Security Trustee Fees paid	ITCL	5,61,800	5,51,500
Director Sitting Fees	Rajnish Saxena	10,000	-



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2013

**Note 21: Contingent liabilities and capital commitments & Other Information****A) Financial commitments pending to be executed :**

Particulars			As at March 31, 2013	As at March 31, 2012
Sr. No.	Name of Party	Description		
1	IL&FS Trust Company Limited	Estimated amount of contracts to be executed on security trusteeship fees Rs.500,000/- p.a. (upto the end of repayment of last installment of term loan )	53,75,000	58,75,000

**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	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on capital account (net of capital advances of Rs.56,384,576/- [previous year ended March 31, 2012 Rs.79,474,086/-)	17,91,77,597	1,41,96,55,554
2	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on Operation & Maintenance ( Base Price Rs.44,500,000/- p.a. escalated @7% p.a. for the period upto the end of concession period)	1,16,36,54,610	1,16,36,54,610
3	Telegra d.o.o.	Estimated amount of contracts to be executed on capial equipment	1,90,30,657	-



## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2013

### Note 22:

In the opinion of the Board of Directors, Current assets, Loans and Advances are realisable 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.

### Note 23:

#### Segment Reporting:

The Company is a special purpose vehicle and is engaged in the business of construction and maintenance of Checkposts 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.

### Note 24:

Additional information pursuant to Part II of Revised Schedule VI of the Companies Act, 1956 have been given to the extent applicable.

### Note 25:

The Company has not taken any Derivative instrument during the year 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.

### Note 26: Previous year

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

In terms of our report attached.

**For LUTHRA & LUTHRA**

Chartered Accountants

Firm Registration No.002081N



**Akhilesh Gupta**

**Partner**

Membership Number : 89909

Place: Mumbai

Date: April 18, 2013

A

**For and on behalf of the Board**

**Managing Director**

**Director**