

**HAZARIBAGH RANCHI EXPRESSWAY
LIMITED**

ANNUAL REPORT

2013-14

DIRECTORS' REPORT

The Shareholders,
Hazaribagh Ranchi Expressway Limited

Your Directors have pleasure in presenting the Fifth Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2014

Financial Results:

The financial results of the Company are as under:

Particulars	(in ₹)	
	Year ended on March 31, 2014	Year ended on March 31, 2013
Total Income	128,18,59,419	69,54,52,009
Total Expenses	(189,87,26,886)	(92,78,85,104)
Profit/(Loss) Before Tax	(61,68,67,467)	(23,24,33,095)
<u>Less:</u> Provision for Tax	-	12,00,000
Profit/(Loss)After Tax	(61,68,67,467)	(23,12,33,095)
Balance carried forward	(85,70,40,299)	(24,01,72,832)

Operations:

During the year under review, your Company achieved completed the construction of the Hazaribagh Ranchi section of NH-33 comprising of 74.465 kms, in the state of Jharkhand on Build Operate Transfer (BOT) ("the Project") Annuity basis awarded by the National Highways Authority of India. The Project was commissioned 134 days ahead of Scheduled Project Completion Date. The Company received Annuity amounting to ₹125.2 Crores and also a bonus annuity of ₹47 Crores for early completion of the Project

Dividend:

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

Further issue of Capital:

In order to meet the funds requirement of the Company for development of the Project, the Company had increased its Authorised Share Capital from ₹1,00,00,00,000/- to ₹1,32,00,00,000/-. The Company had thereafter issued 13,09,50,000 equity shares of ₹10/- each of par value to the existing shareholders of the Company. As a consequence, the paid up equity capital of the Company increased from ₹5,00,000/- to ₹1,31,00,00,000

Directors:

Mr. Deep Sen, Director, retire by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

Auditors:

M/s. Luthra & Luthra, Chartered Accountants, retires at the ensuing Annual General Meeting of the Company

Corporate Governance:

Four Board Meetings were held during the year under review on April 18, 2013, July 17, 2013, October 17, 2013 and January 21, 2014. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Mukund Sapre	4	4
2	Mr. Harish Mathur	4	3
3	Dr. Nishant Shrivastava	4	2
4	Mr. Rajnish Saxena	4	2
5	Mr Deep Sen	4	4
6	Mr Sanjay Minglani	4	3

The Audit Committee has been constituted for good corporate governance and focused attention on the affairs of the Company. The Audit Committee is comprised of Mr. Deep Sen, Mr. Harish Mathur and Mr. Mukund Sapre. The Audit Committee met three times during the year under review on July 17, 2013, October 17, 2013 and January 21, 2014. The numbers of meetings attended by the Members are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Mukund Sapre	3	3
2	Mr. Harish Mathur	3	2
3	Mr Deep Sen	3	2

Deposits:

Your Company has not 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 22, 2014

Sd/-
Director

Sd/-
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, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 31st March, 2014; and



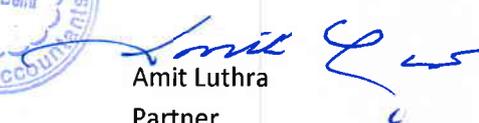
- ii. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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 Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - (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 2014, 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


Amit Luthra
Partner
M. No. 85847

Place : Mumbai
Date : 23rd April, 2014

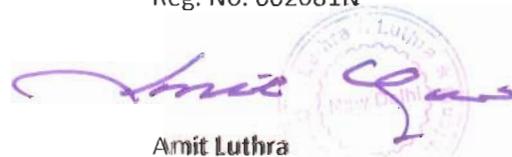
ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

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. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956. On the basis of certificate from the cost accountants certifying the maintenance of cost records, we are of the opinion that prima-facia, the Company has made and maintained the same to the extent applicable. We have broadly reviewed the books of account and records maintained by the Company. We have, however, not made detailed examination of these records with the view to determine that whether they are accurate and complete.
8.
 - 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, 2014 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.
9. The Company has accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
10. In our opinion and as per the information and explanation given to us, the Company has not defaulted in repayment of dues to banks, Financial institution except delay in repayment of partial instalment of Rs. 50 lacs which has been repaid on 12th April 2014 instead of 31st March 2014.
11. In our opinion and 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.
12. 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.
13. According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that the company has used funds raised on short- term basis for long-term investment. The Company has taken short term loan of Rs. 5900 lacs which fall due for repayment in one year from the date of loan. The Company has used the money for payment of capital expenditure.
14. 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.
15. The company has not raised money by public issue during the year.
16. 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.
17. Other clauses i.e. (ii), (xii), (xiii), (xiv) & (xix) of the order are not applicable to the Company.

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



Amit Luthra
Partner
(M. No. 85847)

Place: Mumbai
Date : 23rd April, 2014

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Balance Sheet As at March 31, 2014

Particulars	Note	As At		As At	
		March 31, 2014		March 31, 2013	
I EQUITY AND LIABILITIES					
1 SHAREHOLDERS' FUNDS					
(a) Share capital	2	1,31,00,00,000		5,00,000	
(b) Reserves and Surplus	3	(85,70,40,299)	45,29,59,701	(24,01,72,832)	(23,96,72,832)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	4				96,45,00,000
3 NON-CURRENT LIABILITIES					
(a) Long-term borrowings	5 (A)		7,31,34,07,486		7,69,23,10,400
4 CURRENT LIABILITIES					
(a) Current maturities of long-term debt	5 (B)	48,39,02,914		32,63,26,400	
(b) Short-term borrowings	6	1,32,00,00,000		73,00,00,000	
(c) Trade payables	7	20,08,954		97,20,841	
(d) Other current liabilities	8	63,64,82,033	2,44,23,93,901	1,18,68,08,370	2,25,28,55,611
TOTAL			10,20,87,61,088		10,66,99,93,179
II ASSETS					
1 NON CURRENT ASSETS					
(a) Fixed assets	9				
(i) Tangible assets					
(i) Tangible assets		9,70,35,36,371		9,82,38,72,706	
(ii) Intangible assets		18		13,667	
(iii) Capital work-in-progress		3,77,40,110	9,74,12,76,499		9,82,38,86,373
(b) Long-term loans and advances (Net)	10		1,75,13,417		8,82,57,894
2 CURRENT ASSETS					
(a) Trade receivables (Net)	12	32,29,158		70,43,09,274	
(b) Cash and bank balances	13	38,58,49,702		2,06,95,870	
(c) Short-term loans and advances	11	6,08,92,312	44,99,71,172	3,28,43,768	75,78,48,912
TOTAL			10,20,87,61,088		10,66,99,93,179

Notes 1 to 23 form part of the financial statements.

In terms of our report attached
For **LUTHRA & LUTHRA**
Chartered Accountants
Firm Registration No.002081N

Amit Luthra
Partner
Mem. No. : 85847

Place: Mumbai
Date: April 23, 2014



For and on behalf of the Board

[Signature] *[Signature]*

Managing Director

Director

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Statement of Profit and Loss for the year ended March 31, 2014

			₹	
	Particulars	Note		
			Year ended March 31, 2014	
			Year ended March 31, 2013	
I	Revenue from operations	14	1,28,16,00,000	69,52,24,110
II	Other income	15	2,59,419	2,27,899
III	Total revenue (I + II)		1,28,18,59,419	69,54,52,009
IV	Expenses			
	Operating expenses	16	5,26,99,848	44,72,020
	Finance costs	17	1,16,54,31,962	56,18,92,084
	Administrative and general expenses	18	2,13,47,430	1,41,22,511
	Depreciation and amortization expense	9	65,92,47,646	34,73,98,489
	Total expenses		1,89,87,26,886	92,78,85,104
V	Profit / (Loss) before taxation (III-IV)		(61,68,67,467)	(23,24,33,095)
VI	Tax expense:			
	(1) Current tax		-	-
	(2) Excess provisions of Earlier Year Written Back		-	12,00,000
	(3) MAT credit entitlement		-	-
	Total tax expense (VI)		-	12,00,000
VII	Profit / (Loss) for the year (VI-VII)		(61,68,67,467)	(23,12,33,095)
	Earnings per equity share (Face value per share Rupees 10/-):	19		
	(1) Basic		(5.99)	(4,624.66)
	(2) Diluted		(5.99)	(4,624.66)

Notes 1 to 23 form part of the financial statements.

In terms of our report attached
For LUTHRA & LUTHRA
Chartered Accountants
Firm Registration No.002081N

Amit Luthra
Partner
Mem. No. : 85847

Place: Mumbai
Date: April 23, 2014



For and on behalf of the Board

[Signature]

Managing Director

[Signature]

Director

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Cash Flow Statement for the year ended March 31, 2014

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Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax	(61,68,67,467)	(23,24,33,095)
Adjustments for :-		
Depreciation	65,92,47,646	34,73,98,489
Interest Received on Fixed Deposit	(2,59,419)	-
Interest & Finance Expenses	1,16,54,31,962	56,18,92,084
Operating profit/(Loss) before Working Capital Changes	1,20,75,52,722	67,68,57,478
Adjustments for changes in working capital:		
(Increase) / Decrease in Other Current, Other Non-Current Assets & Trade Receivables	5,95,11,172	(69,52,24,110)
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	40,89,78,775	52,80,228
Operating Cash Flows after Working Capital Changes	1,67,60,42,669	(1,30,86,404)
Payment of Taxes	(1,68,15,238)	(10,53,091)
Net Cash Generated / (Used) in Operating Activities (A)	1,65,92,27,431	(1,41,39,495)
Cash flow from Investing Activities		
Purchase of Fixed Assets (Including Construction of "Road")	(57,66,37,773)	(1,82,83,53,468)
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	(96,70,16,999)	58,57,40,204
(Increase) / Decrease in Other Current, Other Non-Current Assets & Trade Receivables	70,10,80,116	5,81,33,531
Interest Received	2,59,419	25,80,834
Net Cash from Investing Activities (B)	(84,23,15,237)	(1,18,18,98,899)
Cash flow from Financing Activities		
Issue of Equity Share capital	1,30,95,00,000	-
Share Application Monies Received	(96,45,00,000)	-
Proceeds from Long-term Borrowings	10,00,00,000	2,13,17,00,000
Proceeds from Short-term Borrowings	59,00,00,000	-
Repayment of Long-term Borrowings	(32,13,26,400)	(16,31,63,200)
Short term loans taken / (repaid)	-	23,00,00,000
Interest and Finance Charges Paid	(1,16,54,31,962)	(99,21,19,556)
Net Cash from Financing Activities (C)	(45,17,58,362)	1,20,64,17,244
Net Increase in Cash & Cash Equivalents (A+B+C)	36,51,53,832	1,03,78,850
Cash and Cash Equivalent at the beginning of the period	2,06,95,870	1,03,17,020
Cash and Cash Equivalent at the end of the year period	38,58,49,702	2,06,95,870
Net Increase / (Decrease) in Cash & Cash Equivalents	36,51,53,832	1,03,78,850
Notes:		
Components of Cash & Cash Equivalent		
Cash on Hand	6,924	366
Balance with Scheduled Banks - Current Accounts	38,58,42,778	2,06,95,504
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	-	-
	38,58,49,702	2,06,95,870
Unpaid Dividend Accounts	-	-
Bank balances / deposits held as margin money or as security against borrowings	-	-
Cash and Cash Equivalents as per Balance Sheet	38,58,49,702	2,06,95,870

Notes 1 to 23 form part of the financial statements.

In terms of our report attached
For **LUTHRA & LUTHRA**
Chartered Accountants
Firm Registration No.002081N


Amit Luthra
Partner
Mem. No. : 85847

Place: Mumbai
Date: April 23, 2014



For and on behalf of the Board



Managing Director



Director

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

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') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 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. Presentation and disclosure of financial statements :

During the year, the Revised Schedule VI notified under the Act has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

3. 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.

4. Revenue Recognition

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

5. Revenue Recognition

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.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

6. 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.

7. Depreciation

- a. Assets individually costing Rs. 5,000 or less, mobile phones and items of soft furnishing are depreciated fully in the period when such assets are put to use.
- b. Depreciation is provided pro-rata for the period of use of the Fixed Assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets, Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the assets at rates higher than those prescribed under Schedule XIV to the Companies Act 1956, based on the Management's estimate of useful life of such assets:

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

8. Capital Work-in-Progress

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

9. 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.



10. Preliminary Expenditure

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

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

11. 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.

12. 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.

13. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent Assets are neither recognized nor disclosed.

14. 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.

15. 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, 2014
Note 2: Share capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
Authorised Equity Shares of Rupees 10/- each	13,20,00,000	1,32,00,00,000	10,00,00,000	1,00,00,00,000
Issued Equity Shares of Rupees 10/- each	13,10,00,000	1,31,00,00,000	50,000	5,00,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, iii and iv)	13,10,00,000	1,31,00,00,000	50,000	5,00,000
Total	13,10,00,000	1,31,00,00,000	50,000	5,00,000

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, 2014		As at March 31, 2013	
	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	13,09,50,000	1,30,95,00,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	13,10,00,000	1,31,00,00,000	50,000	5,00,000

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (Holding Company)	9,69,40,000	74	37,000	74
Punj Llyod Limited	3,40,60,000	26	13,000	26
Total	13,10,00,000	100	50,000	100

iv. Of the above 9,69,40,000 shares are held by the holding Company (As at March 31, 2013 : 37,000 shares)

Note 3: Reserves and surplus

Particulars	As at March 31, 2014		As at March 31, 2013	
Profit / (Loss) Surplus				
Opening balance	(24,01,72,832)		(89,39,737)	
(+) Profit/(Loss) for the current period	(61,68,67,467)	(85,70,40,299)	(23,12,33,095)	(24,01,72,832)
Total		(85,70,40,299)		(24,01,72,832)

Note 4: Share Application Money Pending Allotment

Particulars	As at March 31, 2014		As at March 31, 2013	
Share Application Money Pending Allotment			-	96,45,00,000
Total			-	96,45,00,000



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014
Note 5: (A) Long-term borrowings

Particulars	As at March 31, 2014		As at March 31, 2013	
Term Loans				
(i) Secured				
From banks	5,57,76,93,200		5,92,23,10,400	
From financial institutions	45,00,00,000		47,00,00,000	
From Holding Company	50,00,00,000		50,00,00,000	
(Secured by way of second pari passu charge over all assets other than project assets)		6,52,76,93,200		6,89,23,10,400
(ii) Unsecured				
From banks	68,57,14,286		80,00,00,000	
From financial institutions	10,00,00,000	78,57,14,286	-	80,00,00,000
Total		7,31,34,07,486		7,69,23,10,400

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

Particulars	As at March 31, 2014		As at March 31, 2013	
Term Loans				
(i) Secured				
From banks	34,96,17,200		30,63,26,400	
From related party	-		-	
From financial institutions	2,00,00,000	36,96,17,200	2,00,00,000	32,63,26,400
(ii) Unsecured				
From banks	11,42,85,714	11,42,85,714	-	-
Total		48,39,02,914		32,63,26,400

Foot Notes:
1 Secured By:

Term loans from banks and financial institutions 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.

(f) Debt Service Reserve Account and any other accounts required to be created by the Borrower under any Project agreement contract.

2. Terms of Repayment:

(a) The Company is repaying 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.

3. 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 Loan - Bank Repayment (Amt. in Rs.)	Amount of Unsecured Loan Bank Repayment (Amt. in Rs.)
2014-2015	5.40%	36,96,17,200	-	11,42,85,714	-
2015-2016	5.60%	37,73,80,800	-	22,85,71,429	2,85,71,429
2016-2017	6.00%	40,29,08,000	-	22,85,71,429	2,85,71,429
2017-2018	6.40%	42,84,35,200	-	22,85,71,429	2,85,71,429
2018-2019	6.80%	45,39,62,400	-	-	1,42,85,714
2019-2020	7.20%	47,94,89,600	-	-	-
2020-2021	7.60%	50,50,16,800	-	-	-
2021-2022	8.40%	58,10,71,200	-	-	-
2022-2023	8.80%	62,15,98,400	-	-	-
2023-2024	30.60%	2,17,78,30,800	-	-	-
2024-2025	-	-	-	-	-
2025-2026	55%	-	27,50,00,000	-	-
2026-2027	45%	-	22,50,00,000	-	-
Total		6,39,73,10,400	50,00,00,000	80,00,00,000	10,00,00,000

4. As on March 31, 2014 installment repayment of Rs. 8,15,81,600/- was due, however erroneously Rs. 7,65,81,600/- was paid, differential amount of Rs. 50,00,000/- was subsequently paid on 12th April, 2014



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 6: Short-term borrowings

Particulars	As at March 31, 2014		As at March 31, 2013	
Loans and advances from related parties				
(i) Unsecured				
From Related party		1,32,00,00,000		73,00,00,000
Total		1,32,00,00,000		73,00,00,000

Note 7: Trade Payables

Particulars	As at March 31, 2014		As at March 31, 2013	
Trade Payables (Refer Footnote)				
To related parties			15,52,218	
To others	20,08,954	20,08,954	81,68,623	97,20,841
Total		20,08,954		97,20,841

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.

Note 8: Other current liabilities

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Statutory Dues		59,14,531		37,66,910
(b) Expenses Payable				
To related parties		55,61,820		-
To others		27,00,126		-
(c) Payable on account of capital expenditure				
To related parties		21,60,24,461		1,18,30,41,460
(d) Income received in Advance		40,62,81,095		-
Total		63,64,82,033		1,18,68,08,370



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 10: Long-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Capital Advances				
Unsecured, considered good				
To related parties			6,34,00,437	6,34,00,437
To Others				
(b) Other loans and advances				
Unsecured, considered good				
- Pre-Paid Expenses	1,67,22,785		2,45,66,957	
- Security Deposits	7,90,632	1,75,13,417	2,90,500	2,48,57,457
Total		1,75,13,417		8,82,57,894

Note 11: Short-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	2,31,41,695		63,26,457	
- Cess Receivable	1,93,945		43,26,680	
- WCT Receivable	2,61,27,654		93,91,491	
- Pre-Paid Expenses	1,14,29,018		1,27,99,140	
- Short term capital advance		6,08,92,312		3,28,43,768
Total		6,08,92,312		3,28,43,768



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 12: Trade receivables

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment				
Secured, considered good				
- Related party				
- Others				
Unsecured, considered good				
- Related party				
- Others			70,29,31,958	70,29,31,958.00
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good				
- Related party				
- Others	32,29,158	32,29,158	13,77,316	13,77,316.00
Total		32,29,158		70,43,09,274

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Cash and cash equivalents				
Cash on hand	6,924		366	
<u>Balance with banks</u>				
-on Escrow / Current accounts (refer foot note below)	38,58,42,778		2,06,95,504	
-Fixed Deposits placed for a period less than 3 months		38,58,49,702		2,06,95,870
(b) Other bank balances				
Unpaid dividend accounts				
Bank balances / deposits held as margin money or as security against borrowings or under lien less than 12 months				
Total		38,58,49,702		2,06,95,870

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, 2014

Note 14: Revenue from Operation

₹

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Annuity Income		1,28,16,00,000		69,52,24,110
Total		1,28,16,00,000		69,52,24,110

Note 15: Other Income

₹

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Other non-operating income				
Interest on bank deposits	2,59,419		-	
Interest on Income tax refund	-	2,59,419	2,27,899	2,27,899
Total		2,59,419		2,27,899



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 16: Operating expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Operation and maintenance expenses		5,26,99,848		44,72,020
Total		5,26,99,848		44,72,020

Note 17: Finance costs

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Interest expenses				
Interest on loans for fixed period		1,13,92,69,131		56,04,62,562
(b) Other borrowing costs				
Finance charges		2,61,62,831		14,29,522
Total		1,16,54,31,962		56,18,92,084

Note 18: Administrative and general expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Legal and consultation fees	1,07,64,194		58,60,343	
Travelling and conveyance	7,41,114		95,351	
Rates and taxes	4,950		2,710	
Bank commission	6,78,355		72,464	
Registration Expenses	35,49,500		-	
Communication expenses	70,718		-	
Deputation cost	12,11,084		-	
Insurance	25,36,632		73,16,040	
Printing and stationery	-		638	
Electricity charges	8,43,549		-	
Directors' fees	1,34,832		85,000	
Auditors' Remuneration	7,30,974		6,34,182	
Miscellaneous expenses	81,527	2,13,47,429	55,783	1,41,22,511
Total		2,13,47,429		1,41,22,511

Auditors' Remuneration Includes:

Particulars		Year ended March 31, 2014	Year ended March 31, 2013
Sr. No.	Description		
1	Audit Fees	5,61,800	5,61,800
2	Other Services	1,65,168	67,415
3	Reimbursement of Expenses	4,006	4,967
TOTAL		7,30,974	6,34,182



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 19: Earnings per equity share

Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
Profit after tax and minority interest	₹	(61,68,67,467)	(23,12,33,095)
Premium on preference shares	₹	-	-
Tax on premium on preference shares	₹	-	-
Profit available for Equity Shareholders	₹	(61,68,67,467)	(23,12,33,095)
Weighted number of Equity Shares outstanding	Numbers	10,29,27,398	50,000
Nominal Value of equity shares	₹	10.00	10.00
Basic Earnings per share	₹	(5.99)	(4,624.66)
Equity shares used to compute diluted earnings per share	Numbers	10,29,27,398	96500000 *
Diluted Earnings per share	₹	(5.99)	(4,624.66)

* 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.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014
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
	IL&FS Securities Services Limited	ISSL
	IL&FS Financial Services Limited	IFIN
	Elsamex India Pvt. Ltd.	EIPL
Associates :	NIL	NIL
Co - Venture :	NIL	NIL
Key Management personnel :	Rajnish Saxena - Managing Director till July 17, 2013	-
	Sanjay Minglani - Managing Director from July 17, 2013	Managing Director
Other Enterprises having significant influence over HREL	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, 2014	As at March 31, 2013
Balances:			
Share Capital	ITNL	96,94,00,000	3,70,000
Share Application Monies	ITNL	-	96,45,00,000
Sundry Creditors	ITNL	13,67,24,666	1,10,37,41,665
Retention Money - Payable	ITNL	7,92,99,795	7,92,99,795
Mobilisation Advance Recoverable	ITNL	-	5,63,84,576
Secured Loan - Sub Debt	ITNL	50,00,00,000	50,00,00,000
Unsecured Short Term Loan	ITNL	1,32,00,00,000	73,00,00,000
Deposit Given	ITCL	1,000	1,000
Share Capital	PLL	34,06,00,000	1,30,000
Sundry Creditors	IFIN	55,61,820	-
Sundry Creditors	EIPL	-	15,52,218
Transactions:			
		Year ended March 31, 2014	Year ended March 31, 2013
Milestone Payment	ITNL	53,88,92,162	1,53,34,28,156
Development Fees Paid	ITNL	-	26,70,00,000
O & M Fees	ITNL	5,26,99,848	-
O & M Fees	EIPL	-	44,72,020
Interest paid	ITNL	21,98,79,705	13,32,58,683
Security Trustee Fees paid	ITCL	5,61,800	5,61,800
Loan Taken	ITNL	1,18,00,00,000	1,26,00,00,000
Loan Repaid	ITNL	59,00,00,000	1,03,00,00,000
Legal & Consultation Fees	ISSL	22,972	-
Professional Fees	IFIN	61,79,800	-
Director Sitting Fees	Sanjay Minglani	15,000	-
Director Sitting Fees	Rajnish Saxena	10,000	10,000



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 21: Contingent liabilities and capital commitments**A) Contingent liabilities : NIL****B) Financial commitments pending to be executed : NIL****C) Operating commitments pending to be executed :**

Particulars			As at March 31, 2014	As at March 31, 2013
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)	45,00,000	53,75,000

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

Particulars			As at March 31, 2014	As at March 31, 2013
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. NIL/- [previous year ended March 31, 2013 Rs.56,384,576/-])	22,89,52,073	17,91,77,597
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 @5% p.a. for the period upto the end of concession period)	1,11,09,54,762	1,16,36,54,610
3	Telegra d.o.o.	Estimated amount of contracts to be executed on capital equipment	-	1,90,30,657
4	Telegra India Private Limited	Installing & Commissioning of ATMS	2,88,126	-
5	Telegra India Private Limited	Supply of HTMS Equipments	4,11,672	-

Note 22: 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 23: Previous period / year

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

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

Amit Luthra**Partner**

Mem. No. : 85847

Place: Mumbai

Date: April 23, 2014

**For and on behalf of the Board**
Managing Director
Director