

KARYAVATTOM SPORTS FACILITIES LIMITED

ANNUAL REPORT

2013-14

Karyavattom Sports Facilities Limited

DIRECTORS' REPORT

The Shareholders Karyavattom Sports Facilities Limited

Your Directors take pleasure in presenting the Directors' Report along with the Audited Statement of Accounts for the period ended March 31, 2014

FINANCIAL RESULTS:

For the year ended	(in Rupees)	
	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	-	896,468
Total Expenses	13,879,786	5,555,910
Profit/ (Loss) Before Tax	(13,879,786)	(4,659,442)
Less: Provision for Tax	-	-
Profit / (Loss) After Tax	(13,879,786)	(4,659,442)
Balance carried forward	(18,775,068)	(4,895,282)

Operations:

During the period under review, your company has about 58% overall completion. The works are progressing generally well on all fronts and is expected to be completed prior to the scheduled Commercial Operation Date (COD) of December 18, 2014. The Architectural, Structural, MEP, Interior design for Stadium building has been completed. The Revised Architectural Design for Club House has been completed and the structural and MEP design are in progress. The design development works are being taken up for Pitch, Landscape, Integrated Safety and Security

DIVIDEND:

Due to inadequacy of profits, your Directors do not recommend dividend for the financial year under review

Karyavattom Sports Facilities Limited

CAPITAL:

During the year under review, there was no change in the share capital of the Company. The issued and paid up capital of the Company stands same at Rs 150,500,000 divided into 15,050,000 Equity Shares of Rs 10/- each

DIRECTORS:

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

AUDITORS:

M/s S R Batliboi & Associates LLP, Chartered Accountants, Hyderabad, existing Statutory Auditors of the Company, retires at the ensuing Annual General Meeting of the Company and being eligible, have provided their consent for re-appointment as Auditors of the Company for FY 2015, subject to approval of the Members at the ensuing Annual General Meeting (AGM)

CORPORATE GOVERNANCE:

Four Board Meetings were held during the year under review on April 18, 2013, July 18, 2013, October 18, 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 Anilkumar Pandala	4	4
3	Mr Deep Sen	4	3
4	Mr Ram Walase	4	4
5	Ms Shaivali Parekh	4	4

Karyavattom Sports Facilities Limited

The Audit Committee has been constituted for good corporate governance and focused attention on the affairs of the Company. The Audit Committee comprises of Mr Deep Sen, Mr Ram Walase and Ms Shaivali Parekh. The Audit Committee met four times during the year under review on April 18, 2013, July 18, 2013, October 18, 2013, and January 21, 2014

FIXED DEPOSIT:

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

PARTICULARS OF EMPLOYEES:

The Company did not have any employee falling under provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended. Thus, there were no employees in respect of whom the information is required to be provided

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 Profit or 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) they have prepared annual accounts on a going concern basis

Karyavattom Sports Facilities Limited

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the foreign exchange earnings was NIL (Previous Year : NIL). Further, the foreign exchange outgo during this year was Rs 54,64,864 (Previous Year : NIL)

Since your Company does not have any manufacturing facility / activity, the other particulars in the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 are not applicable and hence not provided

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption do not apply to the Company

ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for the extended support and co-operation received from various Government Authorities including Government of Kerala (GoK), National Games Secretariat (NGS), and other Regulatory Authorities, Banks, Financial Institution and Shareholders of the Company

By Order of the Board of Directors
For Karyavattom Sports Facilities Limited

Sd/-
Director

Sd/-
Director

Place : Mumbai
Dated : July 22, 2014

INDEPENDENT AUDITOR'S REPORT**To the Members of Karyavattom Sports Facilities Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Karyavattom Sports Facilities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances 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.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

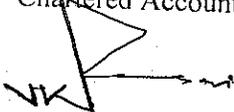
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (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 General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number: 101049W

Chartered Accountants



per Vikas Kumar Pansari

Partner

Membership Number: 093649



Place of Signature: Hyderabad

Date: April 23, 2014

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure referred to in our report of even date

Re: Karyavattom Sports Facilities Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The nature of the Company's business is such that it does not hold any inventory. Accordingly, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. The activities of the Company do not involve purchase of inventory and the sale of goods and the Company has not rendered any services during the year. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that the Company has not entered into any contract that need to be entered into the register maintained under section 301. Accordingly, the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public. Accordingly, provisions of clause 4(iv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, no dues are outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration no: 101049W



per Vikas Kumar Pansari

Partner

Membership No: 093649



Place: Hyderabad

Date: April 23, 2014

Karyavattom Sports Facilities Limited
Balance Sheet as at March 31, 2014
 (All amounts in Indian Rupees except as otherwise stated)

	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	150,500,000	150,500,000
Reserves and surplus	4	(18,775,068)	(4,895,282)
		131,724,932	145,604,718
Non-current liabilities			
Long-term borrowings	5	1,189,200,000	377,500,000
Other long-term liabilities	6	2,041,983	587,983
		1,191,241,983	378,087,983
Current liabilities			
Trade payables	7	8,008,711	1,053,736
Other current liabilities	8	28,530,813	46,435,297
		36,539,524	47,489,033
		1,359,506,439	571,181,734
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,029,208	1,236,510
Capital work-in-progress	10	1,019,596,890	339,387,818
Loans and advances	11	130,699,365	182,029,494
Other non-current assets	12	20,715,833	22,953,560
		1,172,041,296	545,607,382
Current assets			
Cash and cash equivalents	13	183,308,513	21,738,937
Loans and advances	11	1,846,985	1,597,688
Other current assets	12	2,309,645	2,237,727
		187,465,143	25,574,352
		1,359,506,439	571,181,734

Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Vikas Kumar Pansari

Partner

Membership No: 093649

Place: Hyderabad

Date: April 23, 2014



For and on behalf of the Board of Directors of

Karyavattom Sports Facilities Limited

Director

Director

Place: Mumbai

Date: April 23, 2014

Karyavattom Sports Facilities Limited

Statement of Profit and Loss for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

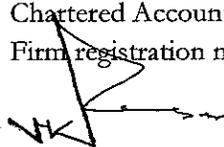
	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Other income	14	-	896,468
Total revenue (I)		-	896,468
Expenses			
Other expenses	15	13,335,472	5,339,925
Finance costs	16	223,664	4,470
Depreciation	9	320,650	211,515
Total expenses (II)		13,879,786	5,555,910
Loss before tax (I-II)		(13,879,786)	(4,659,442)
Tax expense		-	-
Loss for the year		(13,879,786)	(4,659,442)
Earnings per share [Nominal value of share Rs. 10 (March 31, 2013: Rs. 10)]	17		
Basic and diluted		(0.92)	(0.50)
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Firm registration number: 101049W


per **Vikas Kumar Pansari**

Partner

Membership No: 093649

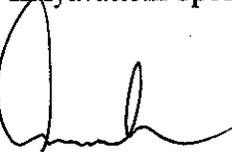


Place: Hyderabad

Date: April 23, 2014



**For and on behalf of the Board of Directors of
Karyavattom Sports Facilities Limited**



Director



Director

Place: Mumbai

Date: April 23, 2014

Karyavattom Sports Facilities Limited

Cash flow statement for year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

	For the year ended March 31, 2014	For the year ended March 31, 2013
(A) Cash flow from operating activities		
Loss before tax	(13,879,786)	(4,659,442)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation	320,650	211,515
Interest income	-	(896,468)
Operating loss before working capital changes	(13,559,136)	(5,344,395)
Movement in working capital		
Decrease in other liabilities	(3,793,420)	(1,897,328)
Increase in trade payables	8,408,975	1,461,719
(Decrease)/Increase in other assets	2,237,727	(25,191,287)
Increase in loans and advances	(6,000,825)	(6,795,217)
Cash used in operating activities	(12,706,679)	(37,766,508)
Direct taxes paid	(279,000)	(89,642)
Net cash used in the operating activities	A (12,985,679)	(37,856,150)
(B) Cash flow from investing activities		
Purchase of fixed assets	(113,348)	(1,448,025)
Increase in capital work-in-progress	(604,421,270)	(224,747,954)
Decrease in capital creditors	(6,737,659)	(38,900,181)
Decrease/(Increase) in capital advances	57,360,657	(176,438,998)
Interest received	2,790,022	896,468
Net cash used in the investing activities	B (551,121,598)	(440,638,690)
(C) Cash from financing activities		
Proceeds from issue of shares	-	150,000,000
Proceeds from long-term borrowings	811,700,000	377,500,000
Interest paid	(86,023,147)	(27,412,662)
Net cash generated from financing activities	C 725,676,853	500,087,338
(D) Net increase in cash and cash equivalents	(A+B+C) 161,569,576	21,592,498
Cash and cash equivalent at the beginning of the year	21,738,937	146,439
Cash and cash equivalent at the end of the year (Refer note 13)	183,308,513	21,738,937
Net increase in Cash and cash equivalents	161,569,576	21,592,498

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

Firm registration number: 101049W

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

Place: Hyderabad

Date: April 23, 2014



For and on behalf of the Board of Directors of
Karyavattom Sports Facilities Limited

[Signature]
Director

[Signature]
Director

Place: Mumbai

Date: April 23, 2014

Karyavattom Sports Facilities Limited

Notes to financial statement for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

(1) Background:

Karyavattom Sports Facilities Limited ("the Company") was incorporated on November 4, 2011, and Certificate for Commencement of Business was issued on November 15, 2011.

The Company is a Special Purpose Vehicle promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement on April 4, 2012 with University of Kerala & National Games Secretariat, a society under Travancore – Cochin Literary Scientific and Charitable Societies Act – 1955 to undertake development of a Greenfield Stadium ("Stadium") at Karyavattom in Thiruvananthapuram, Kerala, on Design, Build, Operate and Transfer (DBOT) model on annuity basis.

(2) Significant accounting policies:

(a) Basis for preparation of Financial statements:

The Financial statements are prepared under historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles and comply with the accounting standards notified under the Companies (Accounting standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

(b) Use of estimates:

The presentation of Financial Statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(d) Revenue recognition:

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(e) Tangible fixed asset:

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.



Karyavattom Sports Facilities Limited

Notes to financial statement for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

(f) Depreciation:

Depreciation on tangible fixed assets is computed as under:

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

<u>Asset Type</u>	<u>Useful Life</u>
Computers	4 years

- ii. Depreciation on fixed assets, other than on assets specified above, is provided for on the Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956.
- iii. All categories of assets costing less than Rs. 5,000 each, are fully depreciated in the year of purchase.

(g) Capital work-in-progress:

Capital work-in-progress includes direct and attributable expenses incurred in connection with development and construction of Stadium. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

(h) Impairment of tangible assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

(i) Borrowing cost:

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(j) Leases:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Taxation:

- i. Taxes include taxes on income, adjustment attributable to earlier periods and changes in deferred taxes. Taxes are determined in accordance with enacted tax regulations and tax rates in force and in the case of deferred taxes at rates that have been substantively enacted.
- ii. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a period different from when they are recognised in the financial statements.



Karyavattom Sports Facilities Limited

Notes to financial statement for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

- iii. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the carry forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.
- iv. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

(l) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(m) Provisions:

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

3: Share capital

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Authorized shares (Nos.)				
40,000,000 (March 31, 2013 : 40,000,000) equity shares of Rs. 10 each	40,000,000	400,000,000	40,000,000	400,000,000
	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Issued, subscribed and paid up shares (Nos.)				
15,050,000 (March 31, 2013 : 15,050,000) equity shares of Rs. 10 each fully paid up	15,050,000	150,500,000	15,050,000	150,500,000
	15,050,000	150,500,000	15,050,000	150,500,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity shares

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	15,050,000	150,500,000	50,000	500,000.00
Shares issued during the year	-	-	15,000,000	150,000,000
Shares outstanding at the end of the year	15,050,000	150,500,000	15,050,000	150,500,000

(a) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

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 distributions will be in proportion to the number of equity shares held by the shareholders.

(b) Shares held by holding company and/or its subsidiaries:

Out of equity issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Name of shareholder	As at	As at
	March 31, 2014	March 31, 2013
IL&FS Transportation Networks Limited, holding company	15,049,990	15,049,990
IL&FS Township & Urban Assets Limited, fellow subsidiary	10	10

(c) 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	15,049,990	99.99%	15,049,990	99.99%

4: Reserves and surplus

	As at March 31, 2014	As at March 31, 2013
Deficit in the Statement of profit and loss		
Opening balance	(4,895,282)	(235,840)
Add: Loss for the current year	(13,879,786)	(4,659,442)
Net deficit in the Statement of profit and loss	(18,775,068)	(4,895,282)



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

5: Long-term borrowings

Term loans

From banks

Indian rupee senior debt (secured)

From others

Indian rupee subordinate debt from related party (unsecured)

	As at March 31, 2014	As at March 31, 2013
	871,700,000	160,000,000
	317,500,000	217,500,000
	1,189,200,000	377,500,000
The above amount includes		
Secured borrowings	871,700,000	160,000,000
Unsecured borrowings	317,500,000	217,500,000
	1,189,200,000	377,500,000

(i) Indian rupee senior debt from banks carries interest of base rate plus 1.50%. The loan is secured by first charge on all immovable properties and assets of the Project including mortgage of Project Land, present and future, first charge on all movable, tangible & intangible assets of Project including but not limited to Plant & Machinery, spares, tools, accessories of Project, all monies lying in Escrow Account into which all investment in the Project including annuity from authority and all Project revenue would be deposited, assignment of all rights, title, benefits and interest of the Company under Project Agreements to the extent by and in accordance with the Substitution Agreement as per Concession Agreement, Assignment of all rights and benefits under Project guarantee obtained pursuant to Construction Contract, Services and Operations Contract, if any relating to the Project, Current Assets of the Company including but not limited to Project's Book Debts, Operating Cash Flows, receivables, commissions, etc and All revenues of whatsoever nature and wherever arising, intangibles, goodwill, uncalled capital (present & future) of the Project. The sanctioned limit for this loans is Rs 1,680,000,000 against which the Company has drawn Rs 871,700,000 as at March 31, 2014 (March 31, 2013: Rs 160,000,000). The loan is repayable in 10 structured unequal annual instalments commencing from June 2015.

(ii) Indian rupee subordinate debt from related party carries interest which is higher by 2% of above mentioned bank loan. The sanctioned limit for this loan is Rs 420,000,000 against which the Company has drawn Rs 317,500,000 as at March 31, 2014 (March 31, 2013: Rs 217,500,000). The loan is repayable in 13 unequal quarterly instalments commencing from May 2024.

6: Other long term liabilities

Retention money payable

Dues to micro and small enterprises*

Dues to other than micro and small enterprises

	As at March 31, 2014	As at March 31, 2013
	-	-
	2,041,983	587,983
	2,041,983	587,983

7: Trade payables

Dues to micro and small enterprises*

Dues to other than micro and small enterprises

	As at March 31, 2014	As at March 31, 2013
	-	-
	8,008,711	1,053,736
	8,008,711	1,053,736

8: Other current liabilities

Interest accrued but not due on borrowings

Statutory dues

Capital creditors*

	As at March 31, 2014	As at March 31, 2013
	17,405,195	24,778,600
	572,673	4,366,093
	10,552,945	17,290,604
	28,530,813	46,435,297

*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 year end together with the interest paid / payable as required under the said Act have not been given.



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

9: Tangible assets

	Office Equipments	Vehicle	Furniture and Fixtures	Total - Tangible Assets
Cost				
At April 1, 2012	-	-	-	-
Additions	129,755	1,318,270	-	1,448,025
At March 31, 2013	129,755	1,318,270	-	1,448,025
Additions	45,490	-	67,858	113,348
At March 31, 2014	175,245	1,318,270	67,858	1,561,373
Depreciation				
At April 1, 2012	-	-	-	-
Charge for the year	8,605	202,910	-	211,515
At March 31, 2013	8,605	202,910	-	211,515
Charge for the year	22,123	288,767	9,760	320,650
At March 31, 2014	30,728	491,677	9,760	532,165
Net block				
At March 31, 2013	121,150	1,115,360	-	1,236,510
At March 31, 2014	144,517	826,593	58,098	1,029,208

10: Capital work-in-progress

	As at March 31, 2014	As at March 31, 2013
Sub-contracting expenses	827,346,839	235,193,256
Fees for technical services	50,000,000	55,150,000
Other indirect cost incurred during construction period	-	-
- Professional fees	19,638,546	11,970,224
- Travelling expenses	12,849,963	7,071,277
- Guarantee fees	184,115	184,115
- Borrowing cost	105,649,717	26,999,975
- Other project expenses	6,789,650	2,818,971
	1,022,458,830	339,387,818
Less: Interest on deposits	(2,861,940)	-
	1,019,596,890	339,387,818



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

11: Loans and advances

	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital Advances				
Unsecured, considered good	119,381,666	176,742,323	-	-
Security Deposits				
Unsecured, considered good	175,000	175,000	-	-
Loans and advances to related parties				
Unsecured, considered good*	-	-	1,030,406	90,521
Other loans and advances				
Unsecured, considered good				
- Advance recoverable in cash or kind - others	-	-	55,144	152,280
- Prepaid expenses	-	1,013,638	761,435	1,354,887
- Advance income-tax	368,642	89,642	-	-
- Balances with statutory / government authorities	10,774,057	4,008,891	-	-
	130,699,365	182,029,494	1,846,985	1,597,688
*IL&FS Urban Township & Assets Limited	-	-	1,030,406	90,521

12. Other assets

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Interest accrued on Bank deposits	-	-	71,918	-
Unamortized expenditure				
Ancillary cost of arranging the borrowings	20,715,833	22,953,560	2,237,727	2,237,727
	20,715,833	22,953,560	2,309,645	2,237,727

13: Cash and cash equivalents

	As at March 31, 2014	As at March 31, 2013
Balances with banks:		
On current accounts	113,295,761	21,738,937
Cash on hand	12,752	-
Other Bank Balances		
- Fixed Deposits with Banks (having original maturity less than 3 months)	70,000,000	-
	183,308,513	21,738,937



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

14: Other income

	<u>For the year ended March 31, 2014</u>	<u>For the year ended March 31, 2013</u>
Interest Income		
Interest on short-term deposit	-	896,468
	-	<u>896,468</u>

15: Other expenses

	<u>For the year ended March 31, 2014</u>	<u>For the year ended March 31, 2013</u>
Rates and taxes	5,463	3,071,695
Legal and professional charges	5,882,277	523,985
Auditors' remuneration (Refer note 18)	900,000	833,401
Directors' sitting fees	150,000	95,000
Business promotion expenses	4,971,144	754,463
Miscellaneous expenses	1,426,588	61,381
	<u>13,335,472</u>	<u>5,339,925</u>

16: Finance costs

	<u>For the year ended March 31, 2014</u>	<u>For the year ended March 31, 2013</u>
Bank charges	221,534	2,094
Interest others	2,130	2,376
	<u>223,664</u>	<u>4,470</u>



Karyavattom Sports Facilities Limited**Notes to financial statements for the year ended March 31, 2014**

(All amounts in Indian Rupees except as otherwise stated)

17: Earnings per share

The following reflects the loss and share data used in the basic and diluted EPS computations:

	Unit	For the year ended March 31, 2014	For the year ended March 31, 2013
Loss after tax attributable to equity shareholders	Rs.	(13,879,786)	(4,659,442)
Weighted average number of equity shares (basic and diluted)	Numbers	15,050,000	9,351,370
Nominal value per equity share	Rs.	10.00	10.00
Basic and diluted earnings per share	Rs.	(0.92)	(0.50)

18: Auditor's remuneration (excluding service tax):

	For the year ended March 31, 2014	For the year ended March 31, 2013
Statutory audit fees	400,000	350,000
Other services	500,000	450,000
Out of pocket expenses	-	33,401
	900,000	833,401

19: Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,075,771,495 (As at March 31, 2013: Rs. 1,610,564,421)



20: Related party disclosures

A. Names of related parties and related party relationship*

Related parties with whom transactions have taken place during the year:

Nature of Relationship	Name of the Party
Holding Company	IL&FS Transportation Networks Limited
Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited
Fellow Subsidiary	IL&FS Township & Urban Assets Limited
Fellow Subsidiary	IL&FS Financial Services Limited
Fellow Subsidiary	IL&FS Trust Co Limited
Fellow Subsidiary	IL&FS Securities Services Limited

B. Related party transactions

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Infrastructure Leasing & Financial Services Limited		
Short-term deposit placed	-	101,772,831
Short-term deposit withdrawn	-	(101,772,831)
Interest income on short-term deposit	-	847,152
IL&FS Transportation Networks Limited		
Issue of shares	-	150,000,000
IL&FS Township & Urban Assets Limited		
Subordinate debt taken	100,000,000	217,500,000
Interest on subordinate debt	30,169,949	24,781,078
Sub-contract expenses	592,153,583	235,193,256
Mobilisation advance given	-	200,000,000
Mobilisation advance recovered	(57,360,657)	(23,257,677)
Reimbursement of expenses	2,489,117	606,145
Payment made on our behalf	25,160,498	-
Retention money deducted	(1,454,000)	(587,983)
IL&FS Financial Services Limited		
Short-term deposit placed	-	25,000,000
Short-term deposit withdrawn	-	(25,000,000)
Interest income on short-term deposit	-	49,316
Professional fee	-	16,300,000
Reimbursement of expenses	-	945,484
IL&FS Trust Company Limited		
Security trusteeship fees	200,000	453,562
IL&FS Securities Services Limited		
Professional fee	25,500	25,000

C. Balances (payable)/receivable

Particulars	As at March 31, 2014	As at March 31, 2013
IL&FS Township & Urban Assets Limited		
Subordinate debt	(317,500,000)	(217,500,000)
Capital creditor	10,552,945	(13,126,630)
Mobilisation advance	119,381,666	176,742,323
Advance recoverable in cash or in kind	1,030,406	90,521
Interest accrued but not due	17,405,195	(24,778,600)
Retention money	(2,041,983)	(587,983)
IL&FS Transportation Networks Limited		
Capital creditor	-	(104,726)

*As per Accounting Standard 18 (AS-18) on 'Related Party Disclosure', notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.



Karyavattom Sports Facilities Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees except as otherwise stated)

21: Expenditure in foreign currency (accrual basis)

	March 31, 2014	March 31, 2014
Professional fee	4,578,042	-
Travelling and conveyance	886,822	-
Total	5,464,864	-

22: There is no hedged/unhedged foreign currency exposure as on March 31, 2014.

23: Segment reporting

The Company is a special purpose vehicle for development, operation & maintenance of Greenfield Stadium at Karyavattom in Thiruvananthapuram, Kerala and thus operates under a single business and geographical segment. As a result, disclosure under Accounting Standard 17 (AS 17) on "Segment Reporting" has not been made.

24: As per Section 383A of the Companies Act, 1956 the Company has to appoint whole time Company secretary as the paid up share capital is more than 50,000,000. The Company is in the process of appointment of whole time Company secretary.

25: Previous year

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Vikas Kumar Pansari

Partner

Membership No: 093649

Place: Hyderabad

Date: April 23, 2014



For and on behalf of the Board of Directors of

Karyavattom Sports Facilities Limited

Director

Place: Mumbai

Date: April 23, 2014

Director

