

**KIRATPUR NER CHOWK EXPRESSWAY
LIMITED**

ANNUAL REPORT

2013-14

DIRECTORS' REPORT

The Shareholders

KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

FINANCIAL RESULTS

The financial results of the Company are as under:

| | (Amount in ₹) | |
|--------------------------|--------------------------------|--|
| | For the year March 31, 2014 | For the period ended March 31, 2013 |
| Total Income | 9,000 | - |
| Total Expenses | (18,024,352) | (4,705,374) |
| Profit/(Loss) Before Tax | (18,015,352) | (4,705,374) |
| Less: Provision for Tax | - | - |
| Profit /(Loss)After Tax | (18,015,352) | (4,705,374) |
| Balance carried forward | (22,720,726) | (4,705,374) |

OPERATIONS:

During the year under review, your Company undertook the development works of the Four laning of Kiratpur-Ner Chowk section of National Highway No. 21 from km 73.200 to km.186.500 in the state of Himachal Pradesh awarded by the National Highways Authority of India to be executed as BOT (Toll) on design, build, finance, operate and transfer (“**DBFOT**”) basis awarded by the National Highways Authority of India. The Company achieved physical progress of 15.54% and financial progress of 23.80% as of March 31, 2014

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 ₹50,00,00,000/- to ₹2,50,00,00,000/- The Company had thereafter issued 14,85,00,000 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 ₹28,50,00,000/- to ₹1,77,00,00,000 during the year under review

DIVIDEND:

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

DIRECTORS:

Mr. M. B. Bajulge, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment

AUDITORS:

M/s. Gianender & Associates, Chartered Accountants, Statutory Auditors, retire at the ensuing Annual General Meeting

DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE:

Two Board Meetings were held during the period under review on April 17, 2013, July 17, 2013, October 17, 2013 and January 20, 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. Krishna Ghag | 4 | 4 |
| 2 | Mr. Ajay Menon | 4 | 4 |
| 3 | Mr. Ashutosh Chandwar | 4 | 4 |
| 4 | Mr. Nishant Srivastava | 4 | 4 |
| 5 | Mr Ravi Sreehari (Resigned w.e.f 17/04/2013) | 1 | 1 |

The Audit Committee was constituted pursuant to the provisions of the Section 292A of the Companies Act, 1956. The Audit Committee is comprised of Mr. Ajay Menon, Mr. Krishna Ghag and Mr. Ashutosh Chandwar. The Audit Committee met four times during the year under review on April 17, 2013, July 18, 2013, October 18, 2013 and January 20, 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. Krishna Ghag | 3 | 3 |
| 2 | Mr. Ajay Menon | 4 | 4 |
| 3 | Mr. Ashutosh Chandwar | 4 | 4 |
| 4 | Mr Ravi Sreehari (Resigned w.e.f 17/04/2013) | 1 | 1 |

The Chairman of the Audit Committee was present at the AGM

PARTICULARS OF EMPLOYEES:

There was no employee in respect of whom the statement is required to be prepared pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 (“the Act”) the Directors based on the representations received from the Operating Management, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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 period under review. Since your Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

ACKNOWLEDGMENTS:

The Directors place on record their appreciation for the continued support and co-operation received from various Government Authorities and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

For and on behalf of the Board

Mumbai, April 22, 2014

Sd/-
Director

Sd/-
Director

INDEPENDENT AUDITORS' REPORT

**TO,
THE MEMBERS OF
KIRATPUR NER CHOWK EXPRESSWAY LIMITED,**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **KIRATPUR NER CHOWK EXPRESSWAY 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

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

Auditor's Responsibility

3. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 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

7. As required by section 227(3) of the Companies Act 1956, 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, Statement of Profit and Loss, and Cash Flow Statement complies with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a director in terms of paragraph (g) of sub-section (1) of section 274 of the Companies Act, 1956.

8. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.

For Gianender & Associates
Chartered Accountants
ICAI Firm Regn No. 004661N



Ramesh Koul
Partner
ICAI M No.077804

Place : New Delhi.

Date : 22nd APRIL, 2014

**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARA 8 OF OUR
REPORT UNDER THE HEADING "REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS" OF EVEN DATE OF KIRATPUR NER
CHOWK EXPRESSWAY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2014**

- (i)
- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) We are informed that the management of the Company has physically verified fixed assets during the period under report and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of the fixed asset is reasonable.
 - c) The Company has not disposed of any of its fixed assets and therefore the going concern assumption is appropriate.
- (ii) The Company is engaged in the business of infrastructure development & its maintenance and has no inventories during the period under report, therefore there is nothing to report under clauses (ii) (a), (b) & (c) of the Companies (Auditor's Report) Order 2003 does not arise.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.
- (iv) 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 nature of its business with regard to purchase of fixed assets and for the construction work. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v)
- a. In our opinion and according to the information and explanations given to us, The particulars of contracts that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered where ever applicable.
 - b. In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, are made and maintained.
- (ix) (a) According to the information & explanation given to us and according to the records, the company is generally regular in depositing undisputed statutory dues with appropriate authorities to the extent applicable to the Company including sales tax, value added tax and tax deducted at source.
- (b) According to the information and explanations given to us, as at 31st March, 2014, no undisputed statutory dues were outstanding for a period more than six months from the date they become payable.
- (c) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) Since the Company has been registered for a period of less than five years, paragraph 4(x) of the order is not applicable to the Company.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions.
- (xii) According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
- (xiii) In our opinion, the Company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of clause 4(13) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.

- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis which is used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year on the terms and conditions which are prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the period. Accordingly clause 4(xix) of the order is not applicable.
- (xx) The Company has not raised any money by public issues during the period covered by our report.
- (xxi) During the course of our examination of the books and records of the Company, carried in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period under audit, nor have been informed of such case by management.

For Gianender & Associates
Chartered Accountants
ICAI Firm Regn No. 004661N



Ramesh Koul
Partner
ICAI M No.077804

Place : New Delhi
Date : 22nd APRIL, 2014

KIRATPUR NER CHOWK 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 | 1,77,00,00,000 | | 28,50,00,000 | |
| (b) Reserves and surplus | 3 | (2,27,20,726) | 1,74,72,79,274 | (47,05,374) | 28,02,94,626 |
| 2 NON-CURRENT LIABILITIES | | | | | |
| (a) Deferred tax liabilities (Net) | 4 | - | | - | |
| (b) Other long term liabilities | 5 | 14,38,33,498 | 14,38,33,498 | - | |
| (c) Long-term provisions | | - | | - | |
| 3 CURRENT LIABILITIES | | | | | |
| (a) Trade payables | | | | 2,16,175 | |
| (b) Other current liabilities | 6 | 3,54,13,72,944 | 3,54,13,72,944 | 1,04,45,71,123 | 1,04,47,87,298 |
| (c) Short-term provisions | | - | | - | |
| TOTAL | | | 5,43,24,85,716 | | 1,32,50,81,924 |
| II ASSETS | | | | | |
| 1 NON CURRENT ASSETS | | | | | |
| (a) Fixed assets | 7 | | | 7,40,395 | |
| (i) Tangible assets (net) | | 16,03,038 | | | |
| (ii) Intangible assets under development | | 4,35,73,25,321 | 4,35,89,28,359 | 1,32,08,26,069 | 1,32,15,66,464 |
| (b) Long-term loans and advances (net) | 8 | 99,43,81,190 | 99,43,81,190 | 1,000 | 1,000 |
| (c) Other non-current assets | | - | | - | |
| 2 CURRENT ASSETS | | | | | |
| (a) Cash and bank equivalents | 9 | 48,47,765 | | 34,98,570 | |
| (b) Short-term loans and advances | 10 | 7,43,28,402 | | 15,890 | |
| (c) Other current assets | | - | 7,91,76,167 | - | 35,14,460 |
| TOTAL | | | 5,43,24,85,716 | | 1,32,50,81,924 |

Note 1 to 20 forms part of the financial statements.

In terms of our report attached.
For Gianender & Associates
Chartered Accountants
Firm Registration no. 004661N


Ramesh Koul
Partner
Membership Number : 77804



For and on behalf of the Board


Director


Director

Place: **New Delhi**
Date: April 22, 2014

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KIRATPUR NER CHOWK 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 | | - | - |
| II | Other income | 11 | 9,000 | - |
| | Total revenue (I + II) | | 9,000 | - |
| IV | Expenses | | | |
| | Administrative and general expenses | 12 | 1,80,24,352 | 33,39,650 |
| | Total expenses (IV) | | 1,80,24,352 | 33,39,650 |
| V | Profit / (Loss) before taxation (III-IV) | | (1,80,15,352) | (33,39,650) |
| VI | Tax expense: | | | |
| | (1) Current tax | | - | - |
| | (2) Tax relating to earlier period | | - | - |
| | (3) MAT credit entitlement | | - | - |
| | (4) Deferred tax (net) | | - | - |
| | Total tax expense (VI) | | - | - |
| | Profit / (Loss) for the period (V-VI) | | (1,80,15,352) | (33,39,650) |
| | Earnings per equity share (Face value per share Rupees 10/-): | 13 | | |
| | (1) Basic (not annualised) | | (0.31) | (0.21) |
| | (2) Diluted (not annualised) | | (0.29) | (0.21) |

Note 1 to 20 forms part of the financial statements.

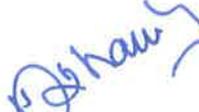
In terms of our report attached.
For Gnanender & Associates
 Chartered Accountants
 Firm Registration no. 004661N


Ramesh Koul
 Partner
 Membership Number: 77804



For and on behalf of the Board


 Director


 Director

Place: ~~New Delhi~~
 Date: April 22, 2014

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KIRATPUR NER CHOWK EXPRESSWAY LIMITED
Cash Flow Statement for the year ended March 31, 2014

| Particulars | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|------------------------------|------------------------------|
| Cash Flow from Operating Activities | | |
| Profit Before Taxes, Minority Interest and Share of Associates | (1,80,15,352) | (33,39,650) |
| Adjustments :- | | |
| Operating profit before Working Capital Changes | (1,80,15,352) | (33,39,650) |
| Adjustments changes in working capital: | | |
| Increase in liabilities (current and non current) | (1,96,043) | 1,55,755 |
| Cash Generated from Operations | (1,82,11,395) | (31,83,895) |
| Direct Taxes paid (Net) | (1,800) | (15,890) |
| Net Cash generated from Operating Activities (A) | (1,82,13,195) | (31,99,785) |
| Cash flow from Investing Activities | | |
| Payment for Intangible Assets | (3,03,61,44,178) | (22,86,27,035) |
| Increase in Receivable under Service Concession Arrangement (Decrease) / Increase in other assets & loans and advances (current and non current) | (99,43,62,500) | |
| Increase in liabilities (current and non current) | 2,63,87,14,905 | |
| Payment for fixed assets | (12,17,717) | (7,44,155) |
| Purchase of / advance towards investments (net) | | |
| Acquisition of Subsidiaries / Jointly Controlled Entities | | |
| Sale proceeds of investments | (7,43,28,402) | |
| Investments in Mutual Funds | | |
| Proceeds from redemption of Mutual Fund units (net) | 19,00,282 | |
| Net Cash used in Investing Activities (B) | (1,46,54,37,610) | (22,93,71,190) |
| Cash flow from Financing Activities | | |
| Proceeds from Issue of Shares | 1,48,50,00,000 | 19,95,00,000 |
| Share Issue expenses paid | | |
| Net Cash generated from Financing Activities (C) | 1,48,50,00,000 | 19,95,00,000 |
| Net Decrease in Cash and Cash Equivalents (A+B+C) | 13,49,195 | (3,30,70,975) |
| Cash and Cash Equivalent at the beginning of the year / period | 34,98,570 | 3,65,69,545 |
| Cash and Cash Equivalent at the end of the year / period | 48,47,765 | 34,98,570 |
| Net Decrease in Cash and Cash Equivalents | 13,49,195 | (3,30,70,975) |
| Components of Cash and Cash Equivalents | | |
| Cash on Hand | 6,941 | 976 |
| Balances with Banks in current accounts | 46,40,824 | 34,97,594 |
| Balances with Banks in deposit accounts | 2,00,000 | - |
| | 48,47,765 | 34,98,570 |
| Unpaid Dividend Accounts | - | - |
| Bank balances held as margin money or else security against borrowings | - | - |
| Cash and Cash Equivalents as per Balance Sheet | 48,47,765 | 34,98,570 |

Note 1 to 20 forms part of the financial statements.

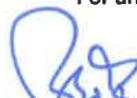
In terms of our report attached.
For Gianender & Associates
Chartered Accountants
Firm Registration no. 004661N

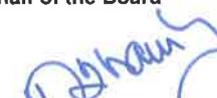

Ramesh Koul
Partner

Membership Number : 77804



For and on behalf of the Board


Director


Director

Place: **New Delhi**
Date: April 22, 2014

KIRATPUR NER CHOWK EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2014

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention in accordance with the Accounting Standards 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 Company follows the accrual basis of accounting.

2. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements, the reported income and expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

3. Fixed Assets and Depreciation:

- a. Fixed assets other than project assets (Kiratpur Ner Chowk Road Development Project) are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.
- b. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Such as, delivery and handling costs, installation, legal services and consultancy services.
- c. Expenses incurred on the Project includes direct and attributable / allocated indirect expenses incurred for the construction of the road and is capitalized when the project is complete in all respects and when the Company receives the final completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the project is to have the complete length of the road available for use. The economics of the project is for the entire length of the road as per the bidding submitted by the Company. The component based certification which is received is an intermediate mechanism provided in the Concession Agreement to provide a right to collect a discounted toll to compensate the Company for cost recovery during construction period and for any delays beyond the control of the Company. . However, where there is other than temporary delay due to reasons beyond the control of the Company, the management may treat constructed portion of the road as completed project.
- d. Estimated value of components removed or not reused are reduced from the gross block and the cost of overlay or renewal expenses incurred to increase serviceability and throughput or which are in the nature of preservation costs and which extend the original useful life of the road are capitalised on a component basis.
- e. For depreciation on fixed assets other than Kiratpur Ner Chowk Road, 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:

KIRATPUR NER CHOWK EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2014

| Asset Type | Useful Life |
|------------------------------|-------------------------|
| Computers | 4 Years |
| Specialised Office Equipment | 3 Years |
| Assets Provided to Employees | 3 Years |
| Licensed Software | Over the license period |

- f. Depreciation on the components of Kiratpur Ner Chowk Road is charged to the profit and loss statement on a straight line basis over the period over which the respective component is expected to be overlaid or renewed.
- g. Depreciation on fixed assets other than on assets specified in Notes 3(c) and (d) is provided on the Written Down Value method using the rates prescribed by Schedule XIV of the Companies Act, 1956.
- h. All categories of assets costing less than ₹ 5,000 each, mobile phones and items of soft furnishing are depreciated fully in the year of capitalization.
- i. Capital work in progress:

The construction cost includes borrowing cost, administrative and general overhead expenses specifically attributed to the construction project are part of the cost of the project and debited to capital work in progress up to the date when the asset is ready for its intended use, which is when the complete length of the project as specified in the Concession Agreement is complete and on receipt of final completion certificate from the authority as specified in the Concession Agreement and not on component basis certifications received. Discounted Revenue collected on receipt of the component based certification received as an intermediate mechanism provided in the Concession Agreement is reduced from the cost of the Intangible asset as the construction work is still in progress and the entire asset is not ready for its intended purpose.

4. **Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction of the roads are capitalised up to the date of the final completion certificate of the asset / facility received from the authority as specified in Concession Agreement. All borrowing costs subsequent to the final completion certificate of the asset / facility as specified in Concession Agreement are charged to the Statement of Profit and Loss in the period in which such costs are incurred

5. **[;Revenue Recognition**

Toll revenue is recognised on collections, which coincides with the usage of the toll roads. Where the toll collection activity is auctioned, the toll revenue is recognised on accrual basis. Any revenue collection until the capitalization of asset is credited to Intangible Asset. Interest Income is recognised on a time proportion basis.

KIRATPUR NER CHOWK 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 | 25,00,00,000 | 2,50,00,00,000 | 5,00,00,000 | 50,00,00,000 |
| Issued | | | | |
| Equity Shares of Rupees 10/- each | 17,70,00,000 | 1,77,00,00,000 | 2,85,00,000 | 28,50,00,000 |
| Subscribed and Paid up | | | | |
| Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii) | 17,70,00,000 | 1,77,00,00,000 | 2,85,00,000 | 28,50,00,000 |
| Total | 17,70,00,000 | 1,77,00,00,000 | 2,85,00,000 | 28,50,00,000 |

Foot Notes:

- i. Of the above 17,70,00,000 shares are held by the holding Company and its nominees (As at March 31, 2013 : 2,85,00,000).
ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

| 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 / period | 2,85,00,000 | 28,50,00,000 | 85,50,000 | 8,55,00,000 |
| Shares issued during the year / period | 14,85,00,000 | 1,48,50,00,000 | 1,99,50,000 | 19,95,00,000 |
| Shares bought back during the year / period | | | | |
| Shares outstanding at the end of the year / period | 17,70,00,000 | 1,77,00,00,000 | 2,85,00,000 | 28,50,00,000 |

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 (the Holding Company and its nominees) | 17,70,00,000 | 100.00% | 2,85,00,000 | 100.00% |
| Total | 17,70,00,000 | 100.00% | 2,85,00,000 | 100.00% |

iv. Terms / Rights attached to Equity Shares:

The company has only one class of equity share, each shareholder is entitled to one vote per share.

Note 3 : Reserves and surplus

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|------------------------------------|----------------------|----------------------|----------------------|--------------------|
| | | | | |
| (a) Profit / (Loss) Surplus | | | | |
| Opening balance | (47,05,374) | | (13,65,724) | |
| (+) Profit for the current period | (1,80,15,352) | (2,27,20,726) | (33,39,650) | (47,05,374) |
| Total | | (2,27,20,726) | | (47,05,374) |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 5: Other long term liabilities

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|---------------------------------|----------------------|---------------------|----------------------|----------|
| | | | | |
| (a) Others | | | | |
| (i) Other long term liabilities | | | | |
| From related parties | 14,38,33,498 | 14,38,33,498 | | - |
| From others | | | | |
| Total | | 14,38,33,498 | | - |

Note 6: Other current liabilities

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | | | | |
| (a) Statutory dues | | 4,22,03,484 | | 82,940 |
| (b) Other Creditors | | | | |
| From related parties | 3,49,72,69,178 | | 1,04,44,88,183 | |
| From others | 19,00,282 | 3,49,91,69,460 | | 1,04,44,88,183 |
| Total | | 3,54,13,72,944 | | 1,04,45,71,123 |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 7: Fixed assets

| Particulars | Gross block | | Accumulated depreciation | | | Net block | | | |
|-------------------------------------|-----------------------------|------------------|--------------------------|------------------------------|-----------------------------|----------------------------------|--------------|------------------------------|-----------------------------|
| | Balance as at April 1, 2013 | Additions | Disposals | Balance as at March 31, 2014 | Balance as at April 1, 2013 | Depreciation charge for the year | On disposals | Balance as at March 31, 2014 | Balance as at April 1, 2013 |
| (a) Tangible assets | | | | | | | | | |
| Data processing equipments | 7,44,155 | 4,87,060 | - | 12,31,215 | 3,760 | 2,76,499 | - | 2,80,259 | 7,40,395 |
| Office equipments | - | 4,91,302 | - | 4,91,302 | - | 49,693 | - | 49,693 | 4,41,609 |
| Furniture and fixtures | - | 2,39,355 | - | 2,39,355 | - | 28,882 | - | 28,882 | 2,10,473 |
| Total | 7,44,155 | 12,17,717 | - | 19,61,872 | - | 3,55,074 | - | 3,58,834 | 7,40,395 |
| (b) Intangible assets | | | | | | | | | |
| Total | - | - | - | - | - | - | - | - | - |
| (c) Capital work-in-progress | | | | | | | | | |
| Total | 7,44,155 | 12,17,717 | - | 19,61,872 | - | 3,55,074 | - | 3,58,834 | 7,40,395 |
| (d) Intangible assets | | | | | | | | | |
| Previous year | 1,32,08,26,069 | 3,03,64,99,252 | - | 4,35,73,25,321 | - | - | - | 4,35,73,25,321 | 1,32,08,26,069 |
| | 43,56,90,200 | 88,58,80,024 | - | 1,32,15,70,224 | - | 3,760 | - | 1,32,15,66,464 | 43,56,90,200 |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 8: 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 | 99,43,62,500 | | - | - |
| To others | - | 99,43,62,500 | - | - |
| (b) Security Deposits | | | | |
| Secured, considered good | | | | |
| Unsecured, considered good | 1,000 | 1,000 | 1,000 | 1,000 |
| (c) Other loans and advances | | | | |
| Unsecured, considered good | | | | |
| - Advance payment of taxes (net of provision) | 17,690 | | 15,890 | |
| - Other loans and advances | - | 17,690 | - | 15,890 |
| Total | | 99,43,81,190 | | 16,890 |

Note 9: Short-term loans and advances

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|-------------------------------------|----------------------|--------------------|----------------------|----------|
| | | | | |
| (a) Other loans and advances | | | | |
| Unsecured, considered good | | | | |
| - Prepaid expenses | 7,40,77,391 | | - | - |
| - Other loans and advances | 2,51,011 | 7,43,28,402 | - | - |
| Total | | 7,43,28,402 | | - |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 10: Cash and cash equivalents

₹

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|---|----------------------|------------------|----------------------|------------------|
| | | | | |
| (a) Cash and cash equivalents | | | | |
| Cash on hand | 6,941 | | 976 | |
| Balances with Banks in current accounts | 46,40,824 | | 34,97,594 | |
| Balances with Banks in deposit accounts | 2,00,000 | 48,47,765 | - | 34,98,570 |
| Total | | 48,47,765 | | 34,98,570 |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 11: Other Income

| Particulars | Year ended March 31, 2014 | | Year ended March 31, 2013 | |
|--------------------------------------|---------------------------|--------------|---------------------------|----------|
| | | | | |
| (a) Interest Income | | | | |
| Interest on bank deposits | 9,000 | | - | |
| Interest on advance towards property | - | 9,000 | - | - |
| Total | | 9,000 | | - |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 12: Administrative and general expenses

| Particulars | Year ended March 31, 2014 | | Year ended March 31, 2013 | |
|-----------------------------|---------------------------|--------------------|---------------------------|------------------|
| | | | | |
| Legal and consultation fees | 6,23,638 | | 25,553 | |
| Travelling and conveyance | 5,21,348 | | 1,000 | |
| Rates and taxes | 26,729 | | 4,250 | |
| Bank commission | 85,142 | | 1,403 | |
| Registration expenses | 1,54,85,000 | | 26,49,500 | |
| Insurance | 180 | | 180 | |
| Directors' fees | 5,27,304 | | 2,40,000 | |
| Auditors' Remuneration | 7,26,408 | | 3,38,625 | |
| Miscellaneous expenses | 28,603 | 1,80,24,352 | 79,139 | 33,39,650 |
| Total | | 1,80,24,352 | | 33,39,650 |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014
Note 13: Earnings per equity share

| Particulars | Unit | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|---------|------------------------------|------------------------------|
| Profit after tax | ₹ | (1,80,15,352) | (33,39,650) |
| Weighted number of Equity Shares outstanding | Numbers | 5,85,16,985 | 1,58,32,000 |
| Nominal Value of equity shares | ₹ | 10 | 10 |
| Basic Earnings per share | ₹ | (0.31) | (0.21) |
| Equity shares used to compute diluted earnings per share | Numbers | 6,12,29,314 | 1,58,35,636 |
| Diluted Earnings per share | ₹ | (0.29) | (0.21) |

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.

Note 14 : Related Party Statement

a Name of related parties and description of relationship

| 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 Financial Services Limited | IFIN |

b Transactions / Balances with related parties as mentioned (a) above

| Account head | Name of Entity | As At March 31, 2014 | As At March 31, 2013 |
|---|----------------|-------------------------|-------------------------|
| Balances: | | | |
| Share Capital | ITNL | 1,77,00,00,000 | 28,50,00,000 |
| Other Creditors | ITNL | 3,49,72,69,178 | 92,78,90,000 |
| Mobilisation Advance | ITNL | 99,43,62,500 | NIL |
| Other Creditors | IFIN | NIL | 11,40,23,327 |
| Other Creditors | ITCL | NIL | NIL |
| Guarantee Given (Refer Note 1 Below) | ITNL | 90,93,00,000 | 90,92,00,000 |
| Deposit Given | ITCL | 1,000 | 1,000 |

| Transactions: | Name of Entity | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--------------------------|----------------|------------------------------|------------------------------|
| Share Capital | ITNL | 1,48,50,00,000 | 10,00,00,000 |
| Construction Cost | ITNL | 2,97,50,48,310 | |
| Project Development Fees | ITNL | - | 68,73,00,000 |
| Mobilisation Advance | ITNL | 99,43,62,500 | NIL |
| Other Creditors | IFIN | 11,40,23,327 | 12,63,89,269 |
| Security Trustee Fees | ITCL | 2,24,720 | 2,24,720 |

Note 1: Guarantee Given

| Nature of Guarantee | Guarantee in Favour of | As At March 31, 2014 | As At March 31, 2013 |
|--------------------------------|---|-------------------------|-------------------------|
| Performance Gurantee | National Highway Authority of India | 90,92,00,000 | 90,92,00,000 |
| Central Sales Tax Registration | Assistant Excise & Taxation Commissioner, Punjab | 50,000 | - |
| Punjab Value Added Tax | Assistant Excise & Taxation Commissioner. Punjab | 50,000 | - |
| Total | | 90,93,00,000 | 90,92,00,000 |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 15: Contingent liabilities and capital commitments**A) Contingent liabilities :** NIL**B) Financial 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 | Security Trusteeship Fees | 32,00,000 | 34,00,000 |

C) Other 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 Transportation Networks Limited | Construction Cost | 2,97,50,48,310 | NIL |

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 and not provided for (net of capital advances) | 11,38,57,51,690 | 14,36,08,00,000 |

E) Disclose the amount paid/Payable to Auditors :

| Particulars | | | As at March 31, 2014 | As at March 31, 2013 |
|-------------|------------------------|------------------------|----------------------|----------------------|
| Sr. No. | Name of Auditors | Description | | |
| 1 | Ray & Ray | Other Services | NIL | 27,575 |
| 2 | Ray & Ray | Certification Matter | NIL | 11,030 |
| 3 | Ray & Ray | Other Services | NIL | 55,150 |
| 4 | Gianender & Associates | Other Services | 4,30,339 | NIL |
| 5 | Gianender & Associates | Audit Fees | 2,86,518 | NIL |
| 6 | Gianender & Associates | Out of Pocket Expenses | 9,551 | NIL |



KIRATPUR NER CHOWK EXPRESSWAY LIMITED

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

Note 16: Directors' Remuneration :

The Directors have been paid sitting fees for the Board and Committee meetings attended by them. Further, no remuneration has been paid by the Company to the Manager appointed under section 269 of the Companies Act, 1956.

Note 17: Segment Reporting:

The Company is engaged in infrastructure business and is a Special Purpose Entity formed for the specific purpose detailed in note no.1 and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 – "Segment Reporting" have not been made.

Note 18: Deferred Tax

In accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22), deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard. However considering the present financial position and requirement of the said Accounting Standard-22 regarding certainty/virtual certainty, the carried forward losses is not provided for as an asset. However, the same will be re-assessed at subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid Accounting Standard.

Note 19: Borrowing Cost

Borrowing costs incurred in respect of borrowings made towards construction of the Project assets are treated as a part of Intangible Assets under Development for subsequent capitalization as on commencement of commercial operations of the road. Borrowing costs incurred subsequent to the capitalisation date are charged to the Statement of Profit and Loss. In accordance of Accounting Standard – 16 "Borrowing Costs", income earned on investment (short term) of funds intermittently surplus but inextricably linked with the project is set off against related borrowing cost.

Note 20: Previous period / year

Figures for the previous period have been regrouped, reclassified where necessary, to conform to the classification of the current period in case of Balance sheet.

In terms of our report attached.

For Gianender & Associates

Chartered Accountants

Firm Registration no. 004661N


Ramesh Koul

Partner

Membership Number : 77804



For and on behalf of the Board


Director


Director

Place: New Delhi

Date: April 22, 2014