

**MORADABAD BAREILLY EXPRESSWAY
LIMITED**

ANNUAL REPORT

2013-14

DIRECTORS' REPORT

The Shareholders,
Moradabad Bareilly Expressway Limited

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

Financial Results:

The financial results of the Company are as under:

Particulars	(in ₹.)	
	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	145,103,410	138,498,737
Total Expenses	(16,970,891)	(15,118,395)
Profit/(Loss) Before Tax	128,232,519	123,380,342
Less: Provision for Tax	43,568,000	40,044,001
Profit/(Loss)After Tax	84,564,519	83,336,341
Balance carried forward	219,929,257	135,364,738

Operations:

During the year under review, your Company continued the development works of the four laning of Moradabad to Bareilly section of NH-24 comprising of 122 kms in the state of Uttar Pradesh, on Design Build Finance Operate & Transfer (DBFOT) ("the Project") on toll basis. The Company achieved physical progress of 89.22% and financial progress of 106.40% as of March 31, 2014

Dividend:

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

Directors:

Mr. Krishna Ghag and Mr. Deep Sen, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment

Auditors:

M/s. K. S. Aiyar & Co., Chartered Accountants, retires at the ensuing Annual General Meeting of the Company

Corporate Governance:

Four Board Meetings were held during the year under review on April 18, 2013, July 17, 2013, October 17, 2013 and January 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. S C Mittal (Appointed w.e.f 18/04/2013)	3	3
3	Mr. Harish Mathur	4	4
4	Mr. Ashutosh Chandwar	4	4
5	Mr. T. C. Pant (Appointed w.e.f 17/07/2013)	3	3
6	Mr. Deep Sen	4	3
7	Mr Ravi Sreehari (Resigned w.e.f 18/04/2013)	1	1

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. Krishna Ghag and Mr. Harish Mathur. The Audit Committee met four times during the year under review on April 17, 2013, July 17, 2013, October 17, 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	4	4
2	Mr. Harish Mathur	4	4
3	Mr Ravi Sreehari (Resigned w.e.f 18/04/2013)	1	1

The Chairman of the Audit Committee was present at the AGM

Deposits:

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

Particulars of Employees:

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

Directors Responsibility Statement:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis

Foreign Exchange Earnings and Outgo:

There was no earning or outgo of foreign exchange during the year under review.

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

Acknowledgments:

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

For and on behalf of the Board

Mumbai, April 22, 2014

Sd/-
Director

Sd/-
Director

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Shakti Mills Lane (Off Dr E Moses Rd)
Mahalaxmi Mumbai 400 011 India
Tel : 91 22 2493 2502 / 6655 1770
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INDEPENDENT AUDITOR'S REPORT

**To the Members of Moradabad Bareilly Expressway Limited.
Report on the Financial Statements**

We have audited the accompanying financial statements of **Moradabad Bareilly 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

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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 entity'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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Profit and Loss Account, of the profit 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 the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.



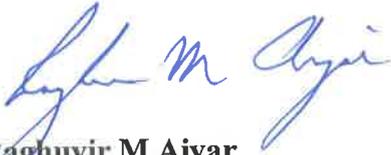
K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

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 K.S.Aiyar & Co;
Chartered Accountants.**

ICAI Firm Registration Number: 100186W



**Raghuvir M.Aiyar
Partner**

Membership Number: 38128

Mumbai

Date: 25th April 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 at Report on Other Legal and Regulatory Requirements of our main report of even date on the Accounts for the year ended on 31st March, 2014 of Moradabad Bareilly Expressway Limited)

- (i) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (ii) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (iii) Company has not disposed off any of the fixed assets during the year. As a result the question of affecting the going concern status of the Company does not arise.
- (iv) The Company does not have any inventory. Accordingly, sub-clauses (b) & (c) of Clause 2 of paragraph 4 of the order is not applicable.
- (v) Based on our examination of books of account and according to the information and explanation given to us, the company has not granted any Secured or unsecured loans and Inter-Corporate Deposits to companies covered in the Register maintained under Section 301 of the Act. Hence the provisions of clause (iii) (b), (c), (d) of paragraph 4 are not applicable to the company.
- (vi) Based on our examination of the books of account and according to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other third parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) & (g) of Clause 3 of paragraph 4 of the order are not applicable.
- (vii) 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 purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in internal control system.
- (viii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has, during the year not entered into any contracts or arrangements which needed to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, sub-clauses (a) & (b) of Clause 5 of paragraph 4 of the order are not applicable.
- (ix) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Therefore,

the provisions of Section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public are not applicable to the Company.

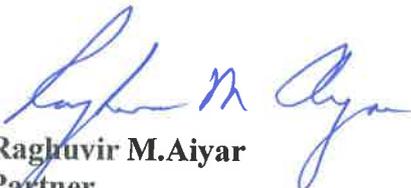
- (x) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - (xi) According to information & explanations given to us, the Central Government has prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and the Company has made and maintained the same. However, we are not required to make a detailed examination the same.
 - (xii) Based on our examination of the books of accounts and according to the information and explanation given to us, the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues, including Income tax, service tax, cess and other statutory dues, wherever applicable. There were no undisputed dues as at March 31, 2014, that were outstanding for a period of more than six months from the date on which they became payable.
 - (xiii) According to information & explanations given to us and based on the examination of records, there are no dues in respect of Income tax, Sales tax & cess which have not been deposited with the appropriate authorities on account of any dispute with the related authorities.
 - (xiv) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
 - (xv) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank or financial institution, The Company does not have any outstanding debentures.
 - (xvi) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xvii) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
 - (xviii) 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) (Amendment) Order, 2004 are not applicable to the Company.
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K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- (xix) In our opinion, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xx) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xxi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that, as at the year end, funds of Rs.2,308,036,037 (P.Y. Rs.922,437,360) raised on short-term basis have been used for long-term investments.
- (xxii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xxiii) The Company has not raised any monies by way of issue of debentures. As such reporting under clause (xix) of the order is not required.
- (xxiv) The Company has not raised any money by way of public issue during the year.
- (xxv) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K.S.Aiyar & Co;
Chartered Accountants.
ICAI Firm Registration Number: 100186W


Raghuvir M.Aiyar
Partner

Membership Number: 38128

Mumbai

Date: 25th April 2014

MORADABAD BAREILLY 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	2,21,66,00,000		2,21,66,00,000	
	(b) Reserves and surplus	3	4,42,53,95,309	6,64,19,95,309	3,68,89,15,414	5,90,55,15,414
2	NON-CURRENT LIABILITIES					
	(a) Long-term borrowings	4	12,37,14,15,835		10,55,93,45,085	
	(b) Deferred tax liabilities (Net)	5	-	12,37,14,15,835	2,11,000	10,55,95,56,085
3	CURRENT LIABILITIES					
	(a) Short-term borrowings	6	1,48,75,00,000		-	
	(b) Trade payables	7	86,31,99,423		1,58,00,14,515	
	(c) Other current liabilities	8	12,87,37,542.00	2,47,94,36,965	1,91,98,057	1,59,92,12,572
	TOTAL			21,49,28,48,109		18,06,42,84,071
II	ASSETS					
1	NON CURRENT ASSETS					
	(a) Fixed assets	9				
	(i) Tangible assets (net)		95,69,312		1,25,12,669	
	(ii) Intangible assets (net)		1		1	
	(iii) Capital work-in-progress		-		-	
	(iv) Intangible assets under development		21,26,48,82,905	21,27,44,52,218	16,96,56,83,286	16,97,81,95,957
	(b) Deferred tax assets (Net)	5	1,41,000		-	
	(c) Long-term loans and advances	10	4,68,53,963	4,69,94,963	40,93,12,902	40,93,12,902
2	CURRENT ASSETS					
	(a) Trade receivables	11	1,25,43,895		11,98,743	
	(b) Cash and bank balances	12	2,74,02,255		18,62,37,339	
	(c) Short-term loans and advances	13	56,75,726		2,95,62,855	
	(d) Other current assets	14	12,57,79,052	17,14,00,928	45,97,76,275	67,67,75,212
	TOTAL			21,49,28,48,109		18,06,42,84,071

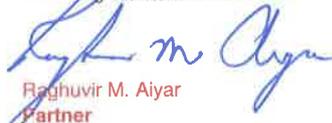
Notes 1 to 24 form part of financial statements.

In terms of our report attached.

For K. S. Aiyar & Co.

Chartered Accountants

Firm Registration No.100186W


Raghuvir M. Aiyar
Partner

Membership Number : 38128

Place: Mumbai

Date :

For and on behalf of the Board


Managing Director


Director

Place: Mumbai

Date :



MORADABAD BAREILLY 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	15	14,28,74,585	13,71,83,840
II	Other income	16	22,28,825	13,14,897
III	Total revenue (I + II)		14,51,03,410	13,84,98,737
IV	Expenses			
	Operating expenses	17	86,73,172	96,96,111
	Depreciation and amortization expense	9	29,43,357	20,71,289
	Other Expenses	18	53,54,362	33,50,995
	Total expenses		1,69,70,891	1,51,18,395
V	Profit before taxation (III-IV)		12,81,32,519	12,33,80,342
VI	Tax expense:			
	(1) Current tax		4,39,20,000	4,01,00,001
	(2) Tax relating to earlier year		-	-
	(3) Deferred tax		(3,52,000)	(56,000)
	Total tax expenses (VI)		4,35,68,000	4,00,44,001
VII	Profit for the year (V-VI)		8,45,64,519	8,33,36,341
	Earnings per equity share (Face value per share Rupees 10/-):	19		
	(1) Basic (Not Annualised)		0.38	0.38
	(2) Diluted (Not Annualised)		0.38	0.38

Notes 1 to 24 form part of financial statements.

In terms of our report attached.

For K. S. Aiyar & Co.

Chartered Accountants

Firm Registration No.100186W

Raghuvir M. Aiyar
Raghuvir M. Aiyar
Partner

Membership Number : 38128

Place: Mumbai

Date :

For and on behalf of the Board

R. S. Aiyar
Managing Director

S. S. Aiyar
Director

Place: Mumbai

Date :



MORADABAD BAREILLY EXPRESSWAY LIMITED
Cash Flow Statement for the year ended March 31, 2014

	Year ended March 31, 2014	Year ended March 31, 2013
Cash Flow from Operating Activities		
Profit Before Taxes	12,81,32,519	12,33,80,342
Adjustments for :-		
Interest Income	(8,26,161)	(12,59,779)
Depreciation and amortization expense	29,43,357	20,71,289
Operating profit before Working Capital Changes	13,02,49,715	12,41,91,852
Adjustments changes in working capital:		
Increase in Trade receivables	(1,12,85,726)	(3,93,987)
Increase / (Decrease) in liabilities (current and non current)	(3,15,598)	4,51,073
Cash Generated from Operations	11,86,48,391	12,42,48,938
Direct Taxes (paid) (Net)	(3,56,69,681)	(2,38,99,022)
Net Cash generated from Operating Activities (A)	8,29,78,710	10,03,49,916
Cash flow from Investing Activities		
(Additions) to fixed assets	-	(69,72,940)
(Increase) in Intangible assets	(2,71,54,70,462)	(5,12,97,59,574)
(Increase) / decrease in loans and advances	71,28,59,707	69,09,65,279
Increase / (decrease) in current liabilities & provisions	(1,02,60,55,667)	1,49,82,15,961
Interest received	17,90,194	38,95,144
Net Cash used in Investing Activities (B)	(3,02,68,76,228)	(2,94,36,56,130)
Cash flow from Financing Activities		
Capital Grant received from National Highway Authority of India	95,64,66,000	1,17,33,20,000
Proceeds from borrowings	1,93,91,00,000	2,99,00,00,000
Repayment of borrowings	(1,24,94,815)	-
Proceeds from borrowings - ITNL	1,48,75,00,000	-
Finance costs paid	(1,58,55,11,642)	(1,18,45,04,812)
Net Cash generated from Financing Activities (C)	2,78,50,59,543	2,97,88,15,188
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(15,88,37,975)	13,55,08,974
Cash and Cash Equivalent at the beginning of the year	18,62,02,755	5,06,93,781
Cash and Cash Equivalent at the end of the year	2,73,64,780	18,62,02,755
Net Increase/(Decrease) in Cash and Cash Equivalents	(15,88,37,975)	13,55,08,974

Components of Cash and Cash Equivalents		
Cash on Hand	15,769	4,712
Balances with Banks in current accounts	2,73,49,011	3,58,27,497
Fixed deposits placed	-	15,03,70,546
(Cash and Cash Equivalent excludes deposits with Scheduled Banks with maturity more than 3 months Rs.NIL)	2,73,64,780	18,62,02,755
Unpaid Dividend Accounts		
Cash and Cash equivalents on acquisition of Joint Venture		
Bank balances held as margin money or else security against borrowings		
Fixed deposits placed for periods exceeding 3 months	37,475	34,584
Cash and bank balances as per Balance Sheet	2,74,02,255	18,62,37,339

Notes 1 to 24 form part of financial statements.

In terms of our report attached.

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W

Raghuvir M. Aiyar
Partner
Membership Number : 38128

Place: Mumbai
Date :



For and on behalf of the Board

Managing Director Director

Place: Mumbai
Date :

MORADABAD BAREILLY EXPRESSWAY LIMITED

Note 1: Significant Accounting Policies of Accounts as at March 31, 2014

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, read with general circular 15/2013 dated 13th September 2013 of the companies act 2013 issued by Ministry of Corporate Affairs. All income and expenditure having a material bearing on the financial statements are recognised on an accrual basis.

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. Future results could differ from these estimates.

2. **Fixed Assets and Depreciation / Amortisation:**

(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in working condition for its intended use such as delivery and handling costs, installation, legal services and consultancy services.

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.

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

Depreciation is provided pro-rata for period of use of the Fixed Assets other than Moradabad-Bareilly road the assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets, Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the assets at rates higher than those prescribed under Schedule XIV to the Companies Act 1956, based on the Managements estimate of useful life of such assets:

MORADABAD BAREILLY EXPRESSWAY LIMITED

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

All categories of assets costing less than Rs. 5,000 each, mobile phones and items of soft furnishing are depreciated fully in the year of capitalization.

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.

(b) Intangible Assets under Development

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 Intangible Assets under Construction up to the date when the asset is ready for its intended use.

3. 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.

4. Cash Flow Statements

The Cash-flow Statements are prepared in accordance with "indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India (ICAI) and notified under Companies Act 1956, read with general circular 15/2013 dated 13th September 2013 of the companies act 2013 issued by Ministry of Corporate Affairs.

MORADABAD BAREILLY EXPRESSWAY LIMITED

5. Provisions and Contingencies

- a) A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation
- b) Contingent Liabilities, if material are disclosed by way of notes to accounts
- c) Contingent asset are not recognised or disclosed in the financial information.

6. 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

7. Preliminary Expenditure

Preliminary expenses incurred on incorporation of the Company are written off in the year in which they are incurred.

8. Taxation

Income Tax comprises of Current Tax, and net changes in Deferred Tax Assets or liabilities during the period. Current Tax is determined at the amount of tax payable in respect of taxable income for the period as per the Income Tax Act, 1961. Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences between the Book profit and Income Tax profit. Deferred Tax Assets and Liabilities other than carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred Tax Assets and Liabilities are measured using substantively enacted tax rates. The effect on Deferred Tax Assets and liabilities of a change in tax rates is recognised in the Profit & Loss Account in the period of substantive enactment of the change.

9. Earnings per Share

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

10. Impairment of Assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

MORADABAD BAREILLY 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	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000
Issued				
Equity Shares of Rupees 10/- each	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000
Subscribed and Paid up				
Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii and iii)	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000
Total	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000

Foot Notes:

- i. Of the above 221,660,000 shares are held by the holding Company (As at March 31, 2013 : 221,660,000).
- 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	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	22,16,60,000	2,21,66,00,000	22,16,60,000	2,21,66,00,000

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 Ltd.	22,16,60,000	100	22,16,60,000	100
Total	22,16,60,000	100	22,16,60,000	100

iv. Terms / Rights attached to Equity Shares

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

Note 3: Reserves and surplus

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Capital Reserve				
Opening balance	3,55,35,50,676		2,54,83,28,163	
(+) Created during the period	65,19,15,376		1,00,52,22,513	
(-) Written back in current period		4,20,54,66,052		3,55,35,50,676
(b) Profit / (Loss) Surplus				
Opening balance	13,53,64,738		5,20,28,397	
(+) Profit for the current period	8,45,64,519	21,99,29,257	8,33,36,341	13,53,64,738
Total		4,42,53,95,309		3,68,89,15,414

Foot Note:

I. Capital Reserves:

(Grant from National Highways Authorities of India) (Equity Support): The National Highway Authority agrees to provide cash support by way of an outright grant Rs. 4,433,233,000/-. Equity support shall be due after it has expended the Equity, and shall be disbursed proportionately along with the loan funds thereafter remaining to be disbursed by the Senior Lenders under the Financing Agreements.



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 4: Long-term borrowings

Particulars	As at March 31, 2014		As at March 31, 2013	
Term Loans				
(i) Secured				
From banks	12,37,14,15,835		10,55,93,45,085	
From others	-	12,37,14,15,835	-	10,55,93,45,085
Total		12,37,14,15,835		10,55,93,45,085

Foot Notes:**(Secured By:**

Term loans from banks are secured by hypothecation of:

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

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

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

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

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

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

Terms of Repayment:

(a) The Borrower shall repay the term loans to each of the senior lenders in 43 unequal quarterly installments commencing in the quarter ending March 31, 2014 and terminating on September 30, 2024, as the repayment schedule, as set out below.

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

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

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

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

Repayment Schedule:

Total Loans Commitment is Rs. 13,186,500,000/- from Banks.

Loans Disbursed till March 31, 2014 is Rs. 12,509,015,000/-

Senior Debt : In 43 unequal quarterly installments commencing on quarter ending March 31, 2014 and terminating on September 30, 2024

Financial Year	Repayment (% of Senior Debt)	Amount of Debt Repayment (Rs.)
2013-2014	0.10	-
2014-2015	1.00	12,51,04,350
2015-2016	2.40	30,02,16,360
2016-2017	4.00	50,03,60,600
2017-2018	5.20	65,04,68,780
2018-2019	6.00	75,05,40,900
2019-2020	8.60	1,07,57,75,290
2020-2021	11.00	1,37,59,91,650
2021-2022	13.60	1,70,12,26,040
2022-2023	16.50	2,06,39,87,475
2023-2024	19.53	2,44,30,10,630
2024-2025	12.07	1,50,98,38,111
Total	100.00	12,49,65,20,185



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 5: Deferred tax liabilities (Net) and Deferred tax assets (Net)

a) A breakdown of the components of deferred tax liabilities is furnished below:

Particulars	As at March 31, 2014	Movement	As at March 31, 2013
Liabilities:			
Timing differences in respect of income	-	-	-
Timing differences in respect of depreciation	56,000	(2,11,000)	2,67,000
Assets:			
Timing differences in respect of depreciation	(1,97,000)	(1,41,000)	(56,000)
Net deferred tax liability	(1,41,000)	(3,52,000)	2,11,000



MORADABAD BAREILLY EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 6: Short-term borrowings

₹

Particulars	As at March 31, 2014		As at March 31, 2013	
Short term loans				
(i) Unsecured				
From Related party	1,48,75,00,000	1,48,75,00,000	-	-
Total		1,48,75,00,000		-



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 7: Trade Payables

Particulars	As at March 31, 2014		As at March 31, 2013	
	Trade Payables			
Related parties	85,31,04,257		1,57,21,25,695	
Others	1,00,95,166	86,31,99,423	78,88,820	1,58,00,14,515
Total		86,31,99,423		1,58,00,14,515

Foot note

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

Note 8: Other current liabilities

Particulars	As at March 31, 2014		As at March 31, 2013	
	(a) Current Maturities of Long Term Debt	12,51,04,350		1,05,69,915
(b) Interest accrued and due on borrowings	15,464		92,496	
(c) Statutory dues	78,078		53,02,369	
(d) Other current liabilities @ From others - Retention Money	35,39,650	12,87,37,542	32,33,277	1,91,98,057
Total		12,87,37,542		1,91,98,057



MORADABAD BAREILLY EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 9: Fixed assets

Particulars	Gross block		Accumulated depreciation		Net block	
	Balance as at April 1, 2013	Additions	Balance as at April 1, 2013	Depreciation charge for the year	Balance as at March 31, 2014	Balance as at March 31, 2013
a) Tangible assets						
Plant and machinery	45,38,105	-	9,30,883	5,01,765	31,05,457	36,07,222
Furniture and fixtures	17,309	-	17,302	-	17,302	7
Vehicles	91,79,139	-	14,48,049	20,01,579	57,29,511	77,31,090
Office equipments	4,97,736	-	80,650	58,015	1,38,665	4,17,086
Data processing equipments	15,27,990	-	7,70,726	3,81,998	11,52,724	7,57,264
Total	1,57,60,279	-	32,47,610	29,43,357	61,90,967	1,25,12,669
b) Intangible assets						
Software / Licences	5,000	-	4,999	-	4,999	1
Total	5,000	-	4,999	-	4,999	1
c) Capital work-in-progress						
Intangible Assets under Development	16,96,56,83,286	4,29,91,99,619	-	-	21,26,48,82,905	16,96,56,83,286
GRAND TOTAL	16,98,14,48,565	4,29,91,99,619	32,52,609	29,43,357	61,95,966	21,27,44,52,218
PREVIOUS YEAR	10,66,41,19,649	6,31,73,28,916	11,81,320	20,71,289	32,52,609	16,97,81,95,957



MORADABAD BAREILLY EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2014

Note 10: Long-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Capital Advances				
Unsecured, considered good	4,39,74,067	4,39,74,067	40,77,65,546	40,77,65,546
(b) Security Deposits				
Unsecured, considered good	19,68,386	19,68,386	15,47,356	15,47,356
(c) Other loans and advances				
Unsecured, considered good				
- Advance recoverable in cash or kind - others	9,11,510		-	-
- Loans to others	-	9,11,510	-	-
Total		4,68,53,963		40,93,12,902

Note 11: Trade receivables

Particulars	As at March 31, 2014		As at March 31, 2013	
Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good		1,25,43,895		11,98,743
Total		1,25,43,895		11,98,743

Note 12: Cash and cash equivalents

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Cash and cash equivalents				
Cash on hand	15,769		4,712	
Current accounts	2,73,49,011		3,58,27,497	
Fixed Deposits placed	-	2,73,64,780	15,03,70,546	18,62,02,755
(b) Other bank balances				
Fixed Deposits placed for a period exceeding 3 months	37,475		34,584	
Bank balances held as margin money or else security against borrowings	-	37,475	-	34,584
Total		2,74,02,255		18,62,37,339

Note 13: Short-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
Other loans and advances (Unsecured, considered good)				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	16,43,123		90,67,281	
- Insurance Claim Receivable	-		1,93,45,817	
- Works Contract Tax Receivable	40,32,603		11,49,757	
- Short term loans - others	-	56,75,726	-	2,95,62,855
Total		56,75,726		2,95,62,855

Note 14: Other current assets

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Interest accrued on Fixed Deposit	-		1,03,095	
(b) Receivable from NHAI - Utility Shifting	-		18,08,510	
(c) Receivable from NHAI - EPC	-		2,75,34,994	
(d) Grant receivable from National Highway Authorities of India	12,57,79,052	12,57,79,052	43,03,29,676	45,97,76,275
Total		12,57,79,052		45,97,76,275



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 15: Revenue from operations

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Income from services Toll revenue		14,28,74,585		13,71,83,840
Total		14,28,74,585		13,71,83,840

Note 16: Other income

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Other non-operating income Interest on Income tax refund	8,26,161		12,59,779	
Interest income	14,02,664		55,118	
Miscellaneous income		22,28,825		13,14,897
Total		22,28,825		13,14,897



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 17: Operating expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Operation and maintenance expenses of Toll Road	86,73,172	86,73,172	96,96,111
Total		86,73,172		96,96,111

Note 18: Other Expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Legal and consultation fees	19,11,297		6,34,383
Auditors' Remuneration	5,86,099		5,86,279	
Travelling and conveyance	14,80,442		9,00,788	
Rates and taxes	4,805		2,710	
Bank commission	29,451		12,242	
Insurance	10,02,656		8,80,340	
Printing & Stationery			1,044	
Directors' fees	3,37,080		3,00,000	
Miscellaneous expenses	2,532	53,54,362	33,209	33,50,995
Total		53,54,362		33,50,995

B) Disclosure of the amount paid/Payable to Auditors :

Sr. No.	Name of Party	Description	Year ended	Year ended
			March 31, 2014	March 31, 2013
1	K. S. Aiyar & Co.	Audit Fees	2,80,900	1,71,630
		Other Services	2,84,278	3,98,540
		Out of Pocket Expenses	20,921	16,109
		Total	5,86,099	5,86,279



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 19: Earnings per equity share

Particulars	Amount of Debt Repayment (Rs.)	Year ended March 31, 2014	Year ended March 31, 2013
Tax on premium on preference shares	₹	-	-
Profit available for Equity Shareholders	₹	8,45,64,519	8,33,36,341
Weighted number of Equity Shares outstanding	Numbers	22,16,60,000	22,16,60,000
Nominal Value of equity shares	₹	10	10
Basic Earnings per share	₹	0.38	0.38
Equity shares used to compute diluted earnings per share	Numbers	22,16,60,000	22,16,60,000
Diluted Earnings per share	₹	0.38	0.38

Note 20 : Details of Grant

Sr. No.	From	Purpose	Sanctioned Grant Amount	Year ended March 31, 2014	Year ended March 31, 2013
1	National Highway Authority Of India	Equity Support	Total Sanctioned Grant Amount	4,43,32,33,000	4,43,32,33,000
			Received during the year	95,64,66,000	1,17,33,20,000
			Received upto date	4,07,96,87,000	3,12,32,21,000
			Utilised	4,07,96,87,000	3,12,32,21,000
			Unutilised	-	-

Note 21: Capital commitments

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
1 IL&FS Transportation Networks Limited	2,37,77,01,317	4,57,77,69,310
Estimated amount of contracts to be executed on capital account (net of capital advances of Rs. 30,992,736/- [previous year ended March 31, 2013 Rs.398,392,717/-])		
Estimated amount of contracts to be executed on Operation & Maintenance (Base price Rs.116,000,000/- p.a. for the base financial year 2010, escalated @7% p.a. for the period upto the end of concession period)	7,77,20,86,705	7,88,61,38,830



MORADABAD BAREILLY EXPRESSWAY LIMITED

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

Note 22: Related Party Statement

Name of Entity	Nature of Relationship	Acronym used
IL&FS Transportation Networks Limited	Holding Company	ITNL
IL&FS Trust Company Limited	Fellow Subsidiary	ITCL
IL&FS Financial Services Limited	Fellow Subsidiary	IFIN
IL&FS Education & Technology Services Limited	Fellow Subsidiary	IETS
IL&FS Securities Services Limited	Fellow Subsidiary	ISSL
Mr. Ashutosh Chandwar	Key Management personnel	Managing Director

Details of balances and transactions during the period with related parties :

Account head	Name of Entity	As At March 31, 2014	As At March 31, 2013
Balances:			
Share Capital	ITNL	2,21,66,00,000	2,21,66,00,000
Mobilisation Advance Recoverable	ITNL	2,49,10,841	39,83,92,717
Trade payables	ITNL	85,31,04,257	1,57,21,25,695
Short Term Loan	ITNL	1,48,75,00,000	-
Deposit Given	ITCL	1,000	1,000
Transactions:			
		Year ended March 31, 2014	Year ended March 31, 2013
Milestone Payment	ITNL	2,57,35,49,869	4,92,34,77,394
Management Fees Paid	ITNL	13,26,00,000	13,26,00,000
Mobilisation Advance Recover	ITNL	37,34,81,876	72,51,45,435
Interest on Short Term Loan	ITNL	4,95,19,759	-
Professional Fees	ISSL	22,972	22,972
Security Trustee Fees paid	ITCL	7,86,520	7,86,520
Directors' Fees	Harish Mathur	80,000	60,000
Directors' Fees	Krishna Ghag	80,000	80,000
Directors' Fees	Ravi Sreehari	20,000	80,000
Directors' Fees	Deep Sen	40,000	40,000
Directors' Fees	T. C. Pant	20,000	-
Directors' Fees	S. C. Mittal	20,000	-
Directors' Fees	Managing Director	40,000	40,000

Note 23:

In the Absence of appointment of company secretary, Financial statement of the company have not been signed by a company secretary as required under 383(A) of the Companies Act 1956

Note 24: Previous year

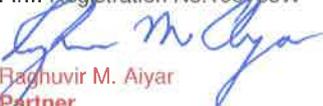
Figures for the previous year have been regrouped, reclassified where necessary, to conform to the classification of the current year.

In terms of our report attached.

For K. S. Aiyar & Co.

Chartered Accountants

Firm Registration No.100186W


Raghuvir M. Aiyar
Partner

Membership Number : 38128

Place: Mumbai

Date :

For and on behalf of the Board

 
Managing Director Director

