

CHENANI NASHRI TUNNELWAY LIMITED

ANNUAL REPORT

2013-14

DIRECTORS' REPORT

The Shareholders,
Chenani Nashri Tunnelway 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:

(in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	361,613	3,408
Total Expenses	(2,154,250)	1,581,410
Profit/(Loss) Before Tax	(1,792,637)	(1,578,002)
Provision for Tax	-	(3,000,000)
Profit/(Loss)After Tax	(1,792,637)	(4,578,002)
Balance carried forward	(47,786,392)	(44,193,755)

Operations:

Your Company continued the development work of 9 km long road tunnel between Chenani and Nashri of NH-1A in the State of Jammu & Kashmir on Design Build Finance Operate & Transfer (DBFOT) on annuity basis awarded by the National Highways Authority of India. During the year under review the with the excavation and the initial works for the main tunnel and escape tunnel from both the South and North portal and final lining works in the tunnel was commenced. The Company had achieved physical progress of 66.11% and financial progress of 73.23% as of March 31, 2014

Dividend:

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

Directors:

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

Auditors:

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

Corporate Governance:

Four Board Meetings were held 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 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	3
3	Mr. Mukund Sapre	4	4
4	Mr. Gopalkrishnan Viswanathan	4	3
5.	Mr. J. S. Rathore	4	3
6.	Mr. S. C. Mittal	4	4

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, Mr. Ajay Menon, Mr. Mukund Sapre and Mr. Gopalkrishnan Viswanathan. 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. Ajay Menon	4	3
3	Mr. Mukund Sapre	4	4
4	Mr. Gopalkrishnan Viswanathan	4	3

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 Loss of the Company for that period;

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis

Foreign Exchange Earnings and Outgo:

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

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

Acknowledgments:

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

For and on behalf of the Board

Mumbai, April 22, 2014

Sd/-
Managing Director

Sd/-
Director

AUDITORS' REPORT

To the Members of
Chenani Nashri Tunnelway Limited
Mumbai

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
and



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies' Auditors Report Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.



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

A handwritten signature in blue ink, appearing to read 'Amit Luthra'.

Amit Luthra
Partner

Place : Mumbai
Date : 22.04.2014

M. No. 85847

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1.
 - a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
 - c. The company has not disposed off substantial part of fixed assets during the year.
2. In our opinion and according to the information and explanation given to us, the Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. We have not observed any failure on the part of the company to correct major weakness in internal control system.
4. As per the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanations given to us the company has not accepted deposits from the public.
6. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
7. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956. On the basis of certificate from the cost accountants certifying the maintenance of cost records, we are of the opinion that prima-facia, the Company has made and maintained the same to the extent applicable. We have broadly reviewed the books of account and records maintained by the Company. We have, however, not made detailed examination of these records with the view to determine that whether they are accurate and complete.
8.
 - a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2014 for a period of more than six months from the date they became payable.
 - b. According to the information and explanation given to us, there is no due on account of provident fund, investor education and protection fund; employees state insurance, sales



tax, wealth tax, income tax, service tax and cess which have not been deposited on account of dispute.

9. In our opinion and as per the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
10. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from -bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
11. In our opinion and according to the information and explanation given to us, the Company has applied the term loan for the purpose for which the loan was obtained.
12. In our opinion and according to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that fund raised on short- term basis has not been used for long-term investment and vice versa.
13. 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.
14. The company has not raised money by public issue during the year.
15. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.
16. Other clauses i.e. (ii), (x), (xii), (xiii), (xiv) & (xix) of the order are not applicable to the Company.



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

Amit Luthra
Partner
(M. No. 85847)

Place: Mumbai
Date : 22.04.2014

CHENANI NASHRI TUNNELWAY 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	3,72,00,00,000		3,72,00,00,000	
(b) Reserves and surplus	3	(4,77,86,392)	3,67,22,13,608	(4,41,93,755)	3,67,58,06,245
2 NON-CURRENT LIABILITIES					
(a) Long-term borrowings	4	22,95,20,00,000		15,93,25,00,000	
(b) Other long term liabilities	5	31,38,53,377	23,26,58,53,377	72,94,31,421	16,66,19,31,421
3 CURRENT LIABILITIES					
(a) Trade payables	6	44,25,64,548		99,43,86,987	
(b) Other current liabilities	7	2,83,81,909	47,09,46,457	81,84,174	1,00,25,71,161
TOTAL			27,40,90,13,442		21,34,03,08,827
II ASSETS					
1 NON CURRENT ASSETS					
(a) Fixed assets	8			14,62,281	
(i) Tangible assets		14,62,281		14,62,281	
(ii) Capital work-in-progress		26,05,10,53,176	26,05,25,15,457	19,66,85,62,880	19,67,00,25,161
(b) Long-term loans and advances	9		1,14,27,56,918		1,62,68,44,856
2 CURRENT ASSETS					
(a) Cash and cash equivalents	10	19,80,41,133		2,77,38,872	
(b) Short-term loans and advances	11	1,56,99,934	21,37,41,067	1,56,99,938	4,34,38,810
TOTAL			27,40,90,13,442		21,34,03,08,827

Notes 1 to 20 form part of the financial statements.

As per our Report of even date

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

Amit Luthra

Amit Luthra
Partner
Membership Number : 85847
Place:
Date: April 22, 2014



For and on behalf of the Board

[Signature]
Managing Director

[Signature]
Director

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	13	3,61,613	3,408
III Total revenue (I + II)		3,61,613	3,408
IV Expenses			
Other Expenses	14	21,54,250	15,81,410
Total expenses		21,54,250	15,81,410
V Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)		(17,92,637)	(15,78,002)
VI Add / (Less) : Exceptional items		-	-
VII Profit/ (Loss) before extraordinary items and tax (V-VI)		(17,92,637)	(15,78,002)
VIII Add / (Less) : Extraordinary items		-	-
IX Profit/ (Loss) before taxation (VII-VIII)		(17,92,637)	(15,78,002)
X Tax expense:			
(1) Current tax		(18,00,000)	(30,00,000)
(2) Deferred tax		-	-
Total tax expenses (X)		(18,00,000)	(30,00,000)
XI Profit/ (Loss) for the year (IX-X)		(35,92,637)	(45,78,002)
Earnings per equity share (Face value per share Rupees 10/-):	15		
(1) Basic		(0.01)	(0.01)
(2) Diluted		(0.01)	(0.01)

Notes 1 to 20 form part of the financial statements.

As per our Report of even date

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

Amit Luthra

Amit Luthra
Partner
Membership Number : 85847
Place:
Date: April 22, 2014



For and on behalf of the Board

[Signature]
Managing Director

[Signature]
Director

Cash Flow Statement for the Year Ended March 31, 2014

		₹	
		Year ended 31-Mar-14	Year ended 31/03/2013
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/ (Loss) Before Taxes	(17,92,637)	(15,78,002)
	Adjustments for :-		
	other Income	(3,61,613)	(3,408)
	Operating profit/ (Loss) before Working Capital Changes	(21,54,250)	(15,81,410)
	Adjustments changes in working capital:		
	Decrease/ (Increase) In other current, Other Non-Current assets & Trade Receivables	-	-
	(Decrease)/ Increase in Other Current, Other Non-Current Liabilities & Trade Payables	2,80,002	(66,235)
	Cash Generated from Operating Activities	(18,74,248)	(16,47,645)
	Taxes paid (net of refund)	(29,12,836)	(52,36,057)
	NET CASH GENERATED/ (USED) IN OPERATING ACTIVITIES	(47,87,084)	(68,83,702)
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	(Increase) / decrease in Loans & advances related to Investment activities	48,52,00,777	79,07,97,052
	Increase / (decrease) in payables related to Investment activities	(94,74,82,750)	47,66,87,643
	Capital Work In progress	(6,38,24,90,296)	(8,29,70,39,972)
	other Income	3,61,613	3,408
	NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES	(6,84,44,10,656)	(7,02,95,51,869)
(C)	CASH FROM FINANCING ACTIVITIES		
	Proceeds from Long term Borrowings	7,01,95,00,000	6,86,71,00,000
	NET CASH GENERATED FROM FINANCING ACTIVITIES	7,01,95,00,000	6,86,71,00,000
(D)	Net Increase/ (Decrease) in Cash and Cash Equivalents	17,03,02,261	(16,93,35,571)
	Cash and Cash Equivalent at the beginning of the year	2,77,38,872	19,70,74,443
	Cash and Cash Equivalent at the end of the year	19,80,41,133	2,77,38,872
	Net Increase / (Decrease) in Cash & Cash Equivalents	17,03,02,261	(16,93,35,571)
	Notes:		
	Components of Cash & Cash Equivalent		
	Cash on Hand	7,860	3,824
	Cheques on Hand	-	-
	Balance with Scheduled Banks - Current Accounts	19,80,33,273	2,77,35,048
	Balance with Scheduled Banks in term deposits (maturity less than 3 months)	19,80,41,133	2,77,38,872
	Fixed deposits placed for periods exceeding 3 months	-	-
	Cash and Cash Equivalents as per Balance Sheet	19,80,41,133	2,77,38,872

Notes 1 to 20 form part of the financial statements.

As per our Report of even date
For LUTHRA & LUTHRA
 Chartered Accountants
 Firm Registration No. 0020817



Amit Luthra
 Partner
 Membership Number : 85847
 Place:
 Date: April 22, 2014

For and on behalf of the Board


Managing Director


Director

CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note No. 1 - Significant Accounting Policies

I Background

The Company was incorporated under the Companies Act 1956 on June 02, 2010. The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement (CA) on June 29, 2010 with The National Highways Authority of India (NHA) for Rehabilitation, Strengthening and four laning of Chenani to Nashri Section of NH-1A, from km 89.00 to km 130.00(New Alignment) including 9km long tunnel (2 lane) with parallel escape tunnel on Design, Build, Finance, Operate and Transfer (DBFOT basis) in the state of Jammu & Kashmir. The Concession Agreement envisages concession for a period of 20 years commencing from the 'Appointed date', including construction period of 1825 days commencing from the 23rd May 2011 (the 'Appointed date').

II Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and comply with the Accounting Standards ('AS') specified in the Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956 read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013, to the extent applicable. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise accounted for on cash basis.

III Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

IV Revenue recognition

The Concession Agreement envisages Revenue in the form of Annuity of a fixed sum on pre-determined dates (not more than twice a year). The Annuity payment will start accruing to the Company, six months after the Commercial Operation Date ("COD").

V Depreciation & Amortisation

a) The Company has adopted the Straight Line Method of depreciation so as to write off 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 Managements estimate of useful life of such assets:

Asset Type	Useful Life
Data Processing Equipments	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 Years
Licensed Software	Over the License period

b) Depreciation on fixed assets other than on assets specified in Policy 5(c) is provided on the Written Down Value method using the rates prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation is computed pro-rata from the date of acquisition of and upto the date of disposal.

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

VI Fixed Assets

Capital Work-in-progress includes direct and attributable expenses for construction of Road.

All fixed assets are stated at cost less accumulated depreciation. For this purpose cost includes purchase price and all other attributable costs of bringing assets into working condition and location for intended use. Assessment of indication of impairment of an asset is made as at the reporting date and impairment loss, if any is recognised.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note No. 1 - Significant Accounting Policies

VII 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.

VIII Borrowing Cost

Borrowing costs attributable to construction of the road are treated as a part of Capital Work in progress for subsequent capitalization on commencement of commercial operations of the road. Interest earned on temporary investment of borrowing has been reduced from borrowing cost.

IX Preliminary Expenditure

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

X Accounting for Taxes on Income

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income - tax Act, 1961. Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future. The carrying amount of deferred tax asset is reviewed at each balance sheet date.

XI Provisions, Contingent Liabilities and Assets

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

XII Classification of Current / Non current Assets and Liabilities

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

- It is expected to be realized in or is intended for sale or consumption in, the company's operating cycle;
- It is expected to be realised within 12 months after the reporting date;
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current.

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

- It is expected to be settled in the company's normal operating cycle;
- It is due to be settled within 12 months after the reporting date;
- The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-current.

XIII Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating; investing and financing activities are segregated.

Cash and cash equivalents in the cash flow statement comprises of cash at bank and in hand and term deposits with banks, if any.

XIV Earnings per Share (EPS)

Basic Earnings per share is calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares issued during the year.

The number of shares used in computing Diluted EPS comprises the weighted average number of equity shares considered for deriving Basic EPS and also the weighted average number of equity shares that could have been issued on the conversion of all Dilutive potential equity shares. Dilutive potential shares are deemed to be converted as at the beginning of the period unless issued at a later date.



CHENANI NASHRI TUNNELWAY 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	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000
Issued Equity Shares of Rupees 10/- each	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. I, ii, iii and iv)	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000
Total	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000

Foot Notes:

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

ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2014		As at March 31, 2013	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	37,20,00,000	3,72,00,00,000	37,20,00,000	3,72,00,00,000

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 & it's Nominees	37,20,00,000	100%	37,20,00,000	100%
Total	37,20,00,000	100%	37,20,00,000	100%

iv. Shares held by holding company :

37,20,00,000 Equity Shares (Previous year 37,20,00,000) are held by IL&FS Transportation Networks Ltd, the holding company.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 3: Reserves and surplus

Particulars	As at March 31, 2014		As at March 31, 2013	
Surplus / (Deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	(4,41,93,755)		(3,96,15,753)	
(+) Profit/ (Loss) for the current year	(35,92,637)	(4,77,86,392)	(45,78,002)	(4,41,93,755)
Total		(4,77,86,392)		(4,41,93,755)



CHENANI NASHRI TUNNELWAY 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	
(a) Term Loans				
(i) Secured				
From banks (refer foot note no. i)		22,95,20,00,000		15,93,25,00,000
Total		22,95,20,00,000		15,93,25,00,000

Foot Notes:

(i) Security for Senior & Sub Debt Facility:

(A) The Senior Facility together with all interests, default interest, additional interest, fees, commission, remuneration payable to the security trustee, costs, charges, expenses and all other amounts whatsoever stipulated in, or payable by the Company in terms of, the finance documents shall to the satisfaction of the senior lenders/ security trustee, be secured to the extent permitted under the concession agreement by:

- a first mortgage and charge on all the Company's immovable properties, both present and future, save and except the project assets;
- a first charge on all the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, all other moveable assets and current assets, both present and future, save and except the project assets;
- a charge on the Company's accounts including, but not limited to the escrow account where all revenues, disbursements, receivables shall be deposited and in all funds from time to time deposited therein and in all authorised investments or other securities representing all amounts credited to the escrow account;
- a charge on all intangibles of the Company including but not limited to goodwill, rights, and undertakings, present and future provided any realisation there of shall be credited to the escrow account and the charge as aforesaid shall be limited to the extent permissible under the waterfall of the priorities as per article 31 of the concession agreement and article 4 of escrow agreement.
- a charge on the uncalled capital of the Company;
Provided that charge at (e) above, shall be limited for ensuring that the Company calls the balance uncalled capital and makes the shares fully paid up.

f) an assignment by way of security:

- of the right, title and interest of the Company in, to and under the project documents including the concession agreement, duly acknowledged and consented to by NHA and by the relevant counter-parties to such project documents to the extent not expressly provided in the concession agreement or each such project document, all as amended, varied or supplemented from time to time;
- of the right, title and interest of Company in, to and under all the government approvals and insurance contracts; and
- of the right, title interest of the Company in, to and under any letter of credit, guarantee, including contractor guarantees and liquidated damages and performance bond provided by any party to the project documents.

(B) The Subordinate Facility together with all interests, default interest, additional interest, fees, commission, remuneration payable to the security trustee, costs, charges, expenses and all other amounts whatsoever stipulated in, or payable by the Company in terms of, the finance documents shall to the satisfaction of the senior lenders/ security trustee, be secured to the extent permitted under the concession agreement by a second charge on the above mentioned in para (A) above.

Terms of Payments:

The Company undertakes to repay the senior & sub debt loan to each senior and sub debt lender in accordance with the repayment schedule as given below:

Repayment Schedule:

Total Loans Commitment is Rs. 3348,00,00,000/- (Senior Debts is Rs. 2976,00,00,000/- & Sub Debts is Rs. 372,00,00,000/-)
In quarterly basis installments commencing from September 2016 and terminating on September 2025:

Year	Senior Debts	Sub Debts
September 2016 to March 2017	1,16,97,00,000	14,61,00,000
June 2017 to March 2018	1,73,22,00,000	21,64,00,000
June 2018 to March 2019	1,99,39,00,000	24,91,00,000
June 2019 to March 2020	2,17,54,00,000	27,20,00,000
June 2020 to March 2021	2,34,21,00,000	29,28,00,000
June 2021 to March 2022	2,51,46,00,000	31,44,00,000
June 2022 to March 2023	2,75,30,00,000	34,40,00,000
June 2023 to March 2024	2,81,76,00,000	35,20,00,000
June 2024 to March 2025	2,81,76,00,000	35,20,00,000
June 2025 to September 2025	9,44,39,00,000	1,18,12,00,000
	29,76,00,00,000	3,72,00,00,000



CHENANI NASHRI TUNNELWAY 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	
Trade Payables Related Party		31,38,53,377		72,94,31,421
Total		31,38,53,377		72,94,31,421

Note 6: Trade Payables

₹

Particulars	As at March 31, 2014		As at March 31, 2013	
(A) Total outstanding dues to Micro Enterprises and small enterprises (Refer Footnote)		-		-
(B) Total outstanding dues other (A) above: Trade Payables Related Party		44,25,64,548		99,43,86,987
Total		44,25,64,548		99,43,86,987

Note 7: Other current liabilities

₹

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Interest accrued and due on borrowings		2,96,661		7,01,658
(b) Statutory liabilities		97,05,579		18,07,054
(c) Expenses payable (Refer Footnote) Others Related		82,26,725 1,01,52,944		56,75,462 -
Total		2,83,81,909		81,84,174

Foot notes:

There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). This information has been determined based on the details regarding the status of suppliers obtained by the Company and the same has been relied upon by the Auditors.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 8: Fixed assets

Particulars	Gross block		Accumulated depreciation		Net Block	
	Balance as at 1-Apr-2013	Balance as at 31-Mar-2014	Balance as at 1-Apr-2013	Depreciation charge for the year	Balance as at 31-Mar-2014	Balance as at 31-Mar-2013
a) Tangible assets						
Land	14,62,281	14,62,281	-	-	14,62,281	14,62,281
b) Capital work-in-progress						
	19,66,85,62,880	6,38,24,90,296 *	-	-	26,05,10,53,176	19,66,85,62,880
Gross Total	19,67,00,25,161	6,38,24,90,296	-	-	26,05,25,15,457	19,67,00,25,161
Previous Year 31-Mar-2013	11,37,29,85,188	8,29,70,39,973	-	-	19,67,00,25,161	-

* Including borrowing cost of Rs. 237,64,38,935/- (Previous year of Rs. 151,20,65,447/-) capitalised during the year.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 9: Long-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Security Deposits				
Unsecured, considered good		1,000		1,000
(b) Loans and advances to related parties				
Unsecured, considered good				
- Advance against Capital expenditure		1,11,62,38,165		1,58,28,83,069
(c) Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	4,34,075		27,65,146	
- Prepaid Expenses	2,60,83,678	2,65,17,753	4,11,95,641	4,39,60,787
Total		1,14,27,56,918		1,62,68,44,856

Note 10: Cash and cash equivalents

Particulars	As at March 31, 2014		As at March 31, 2013	
Cash and cash equivalents				
Cash on hand	7,860		3,824	
Balance with Banks				
- on Escrow / Current accounts	19,80,33,273		2,77,35,048	
(Refer Footnote)				
Fixed Deposits placed for a period less than 3 months	-	19,80,41,133	-	2,77,38,872
Total		19,80,41,133		2,77,38,872

Footnote:

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

Note 11: Short-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Other loans and advances				
Unsecured, considered good				
- Prepaid Expenses		1,56,99,935		1,56,99,938
Total		1,56,99,935		1,56,99,938



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 12: Contingent liabilities and capital commitments:

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

₹

Particulars (Name of party & description)	As at March 31, 2014	As at March 31, 2013
1 IL&FS Transportation Networks Limited, (Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances Rs. 111,62,38,165/- [previous year ended March 31, 2013 Rs. 158,28,83,069/-])	8,03,53,61,009	11,45,43,55,199

(B) Estimated amount of contracts remaining to be executed on Operation & Maintenance and other account :

₹

Particulars (Name of party & description)	As at March 31, 2014	As at March 31, 2013
1 IL&FS Transportation Networks Limited (Base price ₹ 23,79,00,000/- for base year 2011, escalated @ 5% p.a. upto the end of concession period)	6,52,18,47,507	6,52,18,47,507



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 13: Other income

₹

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Interest on Income Tax		3,61,613		3,408
		3,61,613		3,408



CHENANI NASHRI TUNNELWAY LIMITED**Notes** forming part of the financial statements for the year ended March 31, 2014**Note 14: Other Expenses**

₹

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Legal and consultation fees	8,73,606		6,53,223	
Rates and taxes	27,684		25,372	
Bank commission	24,034		57,231	
Donation	2,00,000		-	
Directors' fees	3,69,776		3,40,000	
General & Misc. Expenses	24,824		-	
Auditor's remuneration (refer foot note)	6,34,326	21,54,250	5,05,584	15,81,410
		21,54,250		15,81,410

Footnote

Disclosure of the amount paid/Payable to Auditors :

₹

Particulars (Name of party & description)	Year ended	Year ended
	March 31, 2014	March 31, 2013
1 As an Auditor	3,93,260	3,93,260
2 Others Services	2,32,584	1,07,864
3 Reimbursement of expenses	8,482	4,460
Total	6,34,326	5,05,584



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 15: Earnings per equity share

Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
Profit / Loss after tax and minority interest	₹	(35,92,637)	(45,78,002)
Weighted number of Equity Shares outstanding	Numbers	37,20,00,000	37,20,00,000
Nominal Value of equity shares	₹	10	10.00
Basic Earnings per share	₹	(0.01)	(0.01)
Equity shares used to compute diluted earnings per share	Numbers	37,20,00,000	37,20,00,000
Diluted Earnings per share	₹	(0.01)	(0.01)

Note 16:

The Company has not taken any derivative instrument during the period and there is no derivative instrument outstanding on the Balance Sheet date.

On the Balance Sheet date outstanding foreign currency exposure in respect of payables is as under:

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount in Rs.	Amount in Euro	Amount in Rs.	Amount in Euro
Unhedged Expenses Payable	1,01,52,944	1,23,550	-	-

Note 17: Segment Reporting

The Company is a special purpose vehicle and is engaged in the business of construction and maintenance and thus operates in a single business and geographical segment. As a result, disclosures required under AS-17 on 'Segment Reporting' have not been given.

Note 18:

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



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 19: Related Party Disclosures as per the AS-18 on "Related Party Disclosure" in respect of the Company for the year ended March 31, 2014 are as follows:

Nature of Relationship	Name of Entity
Ultimate Holding Company :	Infrastructure Leasing & Financial Services Limited (IL&FS)
Holding Company :	IL&FS Transportation Networks Limited
Fellow Subsidiaries (with whom there have been transactions during the year)	IL&FS Trust Company Limited IL&FS Securities Services Limited Elsamex Portugal
Key Management personnel :	Mr. Gopalkrishnan Viswanathan (Managing Director)

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

Account head	Name of Entity	31-Mar-14	31-Mar-13
Balances:			
Sundry Creditors	IL&FS Transportation Networks Limited	44,25,64,548	99,43,86,987
Share Capital	IL&FS Transportation Networks Limited	3,72,00,00,000	3,71,99,99,400
Mobilisation Advances	IL&FS Transportation Networks Limited	1,11,62,38,165	1,58,28,83,069
Retention Money	IL&FS Transportation Networks Limited	31,38,53,377	72,94,31,421
Security Deposit	IL&FS Trust Company Limited	1,000	1,000
Balance Payable	Elsamex Portugal	1,01,52,944	-
Account head			
Transactions:			
Mobilisation Advances Recovered	IL&FS Transportation Networks Limited	46,66,44,904	81,71,16,931
Project Management Fees	IL&FS Transportation Networks Limited	19,71,99,996	19,71,99,996
Milestone Payment	IL&FS Transportation Networks Limited	3,68,84,39,098	6,50,60,70,615
Security Trustee Fees	IL&FS Trust Company Limited	6,74,160	6,74,160
Professional Fees	IL&FS Securities Services Limited	22,972	22,972
Professional Fees	Elsamex Portugal	1,85,36,938	-
Sitting Fees	Mr. Gopalkrishnan Viswanathan	60,000	60,000

Note 20: Previous period / Year

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

As per our Report of even date
For LUTHRA & LUTHRA
Chartered Accountants
Firm Registration No. 002081N



Amit Luthra
Partner
Membership Number : 85847
Place:
Date: April 22, 2014



For and on behalf of the Board



Managing Director



Director