

MORADABAD BAREILLY EXPRESSWAY
LIMITED

ANNUAL REPORT

2010-11

DIRECTORS' REPORT

The Shareholders,
MORADABAD BAREILLY EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the First Annual Report along with the Audited Accounts for the period ended March 31, 2011

FINANCIAL RESULTS:

The financial results of the Company are as under:

	(in ₹.)
	For the period ended on March 31, 2011
Total Income	6,415,648
Total Expenses	6,857,335
Profit/(Loss) Before Tax	(441,687)
Less: Provision for Tax	(160,000)
Profit /(Loss)After Tax	(601,687)
Balance carried forward	(601,687)

DIVIDEND:

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

OPERATIONS:

During the period under review, your company has taken up the work awarded by National Highway Authority of India (NHAI), of augmenting the existing road between Moradabad to Bareilly of NH-24 in the state of Uttar Pradesh, aggregating to 122 km on Design Build Finance Operate & Transfer (DBFOT) on toll basis with a total cost of project is ₹1983.63 Crores. Your Company has achieved financial closure with banks and lenders for financing the project through senior debt of ₹1318.65 Crores and promoters' contribution of ₹221.66 Crores and NHAI grant of ₹443.32 Crores. The project has a concession period of 25 years from the Commencement date viz. December 04, 2010. The Company has achieved a financial progress of ₹ 624.7 Crores (31.5%) as on March 31, 2011.

DIRECTORS:

Mr. Ajay Menon, Mr. Ravi Sreehari and Mr. Krishna Ghag were appointed as the first directors of the Company by the Articles of Association. During the period under review, Mr. Harish Mathur and Mr. M. K. Mohan were appointed as Additional Directors on the Board of the Company with effect from March 25, 2010. Mr. Ajay Menon and Mr. M. K. Mohan resigned as Directors of the Company with effect from July 28, 2010 and February 8, 2011

respectively. The Board placed on record its sincere appreciation for the valuable guidance and support rendered by them during their tenure.

AUDITORS:

M/s. N. M. Rajji & Co., Chartered Accountants, first auditors holds the office till the ensuing Annual General Meeting of the Company and have expressed their willingness to continue as Statutory Auditors, if re-appointed

DEPOSITS:

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

CORPORATE GOVERNANCE:

Seven Board Meetings were held during the period under review on January 11, 2010, February 4, 2010, March 25, 2010, May 20, 2010, July 27, 2010, October 25, 2010 and January 25, 2011. 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	7	7
2	Mr. Ravi Sreehari	7	4
3	Mr. Ajay Menon (upto July 28, 2010)	5	5
4	Mr. M. K. Mohan (upto February 8, 2011)	5	3
5	Mr. Harish Mathur (w.e.f. March 25, 2010)	5	2

PARTICULARS OF EMPLOYEES:

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

DIRECTORS RESPONSIBILITY STATEMENT:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 period under review.

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

ACKNOWLEDGMENTS:

The Directors place on records their appreciation for the continued support and co-operation rendered by National Highway Authority of India (NHAI), Central and State Government/Agencies, Bankers, Financial Institutions, Regulatory Authorities and Shareholders of the Company.

For and on behalf of the Board

Date : April 19, 2011
Place : Mumbai



(Director)



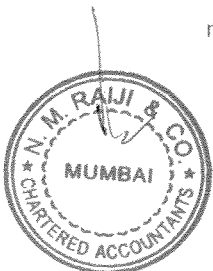
(Director)

N. M. RAIJI & CO.
Chartered Accountants
Universal Insurance Building,
Pherozechah Mehta Road,
Mumbai-400 001. INDIA
Telephone: 2287 0068
2287 3463
2283 7482
Telefax : 91 (22) 2282 8646
91 (22) 2265 0578
E-mail : nmr.ho@nmraiji.com

AUDITORS' REPORT

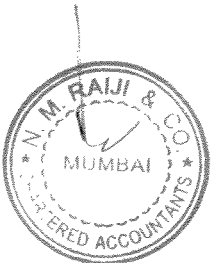
TO THE MEMBERS OF MORADABAD BAREILLY EXPRESSWAY LIMITED

1. We have audited the attached Balance Sheet of MORADABAD BAREILLY EXPRESSWAY LIMITED as at March 31, 2011, and the annexed Profit and Loss Account and Cash Flow Statement for the period from January 11, 2010 to March 31, 2011, annexed thereto, which are in agreement with books of account. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004, (CARO) ("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 paragraphs 4 and 5 of the Order.



4. Further to our comments in the Annexure referred to above, 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 the 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 the books;
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement referred to in this report, are in agreement with the books of account.
- d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this report, comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, 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, 2011;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended 31st March, 2011; and



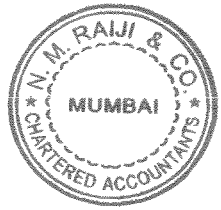
N. M. RAJI & CO.

- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended 31st March, 2011.

For N.M.Raiji & Co.
Chartered Accountants
Firm Registration No: 108296 W



Vinay D. Balse
Partner
Membership No. 39464

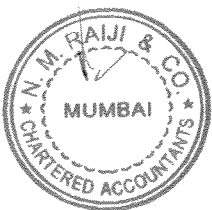


Place : Mumbai

Date : April 21, 2011.

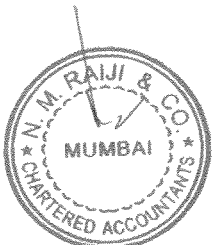
**ANNEXURE TO THE AUDITORS' REPORT OF
MORADABAD BAREILLY EXPRESSWAY LIMITED
(Referred to in paragraph 3 of our report of even date)**

1. (a) The Company has maintained proper records showing full particulars, including the quantitative details and situation of its fixed assets.
(b) As explained to us, the Company has, in the course of its first period of operations, physically verified all its fixed assets.
(c) In our opinion, the Company has not disposed off a substantial portion of its fixed assets, during the year.
2. The Company does not have any inventory. Accordingly, sub-clauses (b) & (c) of clause 2 of paragraph 4 of the Order are not applicable..
3. (a) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c), & (d) of clause 3 of paragraph 4 of the Order are not applicable.
(b) 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 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.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.

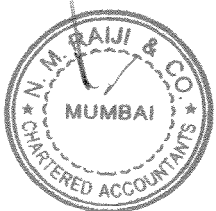


5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has, during the year, not entered into any contracts or arrangements, which needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, sub-clauses (a) & (b) of clause 5 of paragraph 4 of the Order are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Therefore, reporting under sub-clauses (a) & (b) of clause 6 of paragraph 4 of the Order is not required.
7. *The Company does not have an internal audit system. As such, no internal audit was carried out during the year.*
8. According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products manufactured by the Company.
9. (a) Based on our examination of the books of account and according to the information and explanations given to us, the Company has been 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, 2011, that were outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the examination of records, there are no dues in respect of Income-tax, service tax, and cess, which have not been deposited with the appropriate authorities on account of any dispute with the related authorities.
10. The Company has incurred cash losses during the period. This being the first accounting period, it does not have accumulated losses from past periods as at March 31, 2011.



11. In our opinion and according to the information and explanations given to us the Company has not defaulted in the repayment of dues to banks or financial institutions. The Company does not have any outstanding debentures.
12. Based on our examination of the books of account 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.
13. To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. To the best of our knowledge and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. To the best of our knowledge and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, term loans availed by the Company have been used for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, there are no funds raised on a short-term basis which have been used for long-term investments.
18. To the best of our knowledge and according to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not raised any monies by way of issue of debentures. As such, reporting under this clause of the Order is not required.

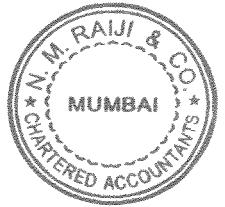


20. The Company has not raised any monies by way of public issues during the period.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For N.M.Raiji & Co.
Chartered Accountants

Firm Registration No - 108296W


Vinay D. Balse
Partner
Membership No: 39434



Place: Mumbai

Date: April 21, 2011.

MORADABAD BAREILLY EXPRESSWAY LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	Rupees	As at March 31, 2011 Rupees
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A		2,216,600,000
Reserves and surplus	B		1,461,817,205
LOAN FUNDS			
Secured Loans	C		4,349,915,000
DEFERRED TAX LIABILITY			
			160,000
TOTAL			8,028,492,205
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	2,900,948	
Less: Depreciation		20,843	
Net Block		2,880,105	
Capital Work In Progress		5,489,208,006	5,492,088,111
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and bank balances	E	319,156,020	
Other current assets		49,314	
Loans and advances		2,894,364,106	
		3,213,569,440	
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	F	677,165,346	
Provisions		-	
		677,165,346	
NET CURRENT ASSETS			2,536,404,094
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			-
PROFIT AND LOSS ACCOUNT			
			-
TOTAL			8,028,492,205

Significant accounting policies

I

Notes forming part of accounts

J

Schedules "A" to "I" annexed hereto form part of the balance sheet and profit and loss account

As per our report of even date attached.

For N.M.Raiji & Co.

Chartered Accountants

Firm Registration No. 108296W

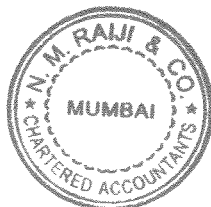
Vinay D.Balse

Partner

Membership Number : 39434

Place: Mumbai

Date: April 21, 2011



For and on behalf of the Board

M. Raiji

Director

R. Raiji

Manager

M. Raiji

Director

MORADABAD BAREILLY EXPRESSWAY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

	Schedule	For the Period from January 11, 2010 to March 31, 2011 Rupees
INCOME		
Other income	G	6,415,648
		6,415,648
EXPENSES		
Administrative and general expenses	H	6,815,111
Preliminary expenses written off		21,381
		6,836,492
PROFIT / (LOSS) BEFORE DEPRECIATION and TAX		(420,844)
Depreciation		20,843
PROFIT / (LOSS) BEFORE TAX		(441,687)
Provision for taxation		-
Current Tax		-
Deferred Tax Liability		(160,000)
PROFIT / (LOSS) AFTER TAX		(601,687)
Balance brought forward		-
Balance carried to Balance Sheet		(601,687)

Earning per share (Basic and Diluted) (0.003)

Significant accounting policies **I**

Notes forming part of the accounts **J**

Schedules "A" to "I" annexed hereto form part of the balance sheet and profit and loss account

As per our report of even date attached.

For N.M.Raiji & Co.

Chartered Accountants

Firm Registration No. 108296W

Vinay D. Balse

Partner

Membership Number :39434

Place: Mumbai

Date: April 21, 2011



For and on behalf of the Board

Mani

Director

Ant

Director

Qe
Manager

MORADABAD BAREILLY EXPRESSWAY LIMITED

CASH FLOW STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2011

	For the Period from January 11, 2010 to March 31, 2011 Rupees
Cash Flow from Operating Activities	
Net Profit / (Loss) Before Tax	(441,687)
Adjustments for :-	
Depreciation	20,843
Preliminary Expenses	-
Operating profit / (loss) before Working Capital Changes	(420,844)
Adjustments / changes in working capital:	
Increase / (decrease) in Current Liabilities & Provisions	6,184,877
(Increase) / decrease in Current Assets	-
Cash Generated from Operating Activities	5,764,033
Direct Taxes (paid) / receivable (net)	(18,121,118)
Net Cash Flow from Operations (A)	(12,357,085)
Cash flow from Investing Activities	
Purchase of Fixed Assets	(2,900,948)
Capital Work In Progress	(5,088,190,576)
Increase / (decrease) in Current Liabilities & Provisions - CWIP	670,980,469
(Increase) / decrease in Current Assets - CWIP	(1,413,873,410)
Net Cash from Investing Activities (B)	(5,833,984,465)
Cash flow from Financing Activities	
Issue of Equity Shares	2,216,600,000
Proceeds From Secured Loans	4,349,915,000
Interest & Finance Charges (net) capitalized to the project	(401,017,430)
Net Cash from Financing Activities (C)	6,165,497,570
Net Increase in Cash & Cash Equivalents (A+B+C)	319,156,020
Cash and Cash Equivalent at the beginning of the period	-
Cash and Cash Equivalent at the end of the period	319,156,020
Net Increase / (Decrease) in Cash & Cash Equivalents	319,156,020
Notes:	
Components of Cash & Cash Equivalent	
Cash on Hand	478,990
Balance with Scheduled Banks - Current Accounts	18,677,030
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	300,000,000
	319,156,020
Balance with Scheduled Banks in term deposits (maturity more than 3 months)	-
Cash and bank balance (Schedule E)	319,156,020

Significant accounting policies I
Notes forming part of accounts J

Schedules "A" to "I" annexed hereto form part of the balance sheet and profit and loss account

As per our report of even date attached.

For N.M.Raiji & Co.
Chartered Accountants
Firm Registration No. 108296W


Vinay D. Balse
Partner

Membership Number :39434
Place: Mumbai
Date: April 21, 2011



For and on behalf of the Board


Director


Director


Manager

MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE A : CAPITAL

	As at March 31, 2011 Rupees
AUTHORISED	
221,660,000 Equity Shares of Rs. 10/- each	2,216,600,000
	2,216,600,000
ISSUED, SUBSCRIBED AND PAID-UP	
221,660,000 Equity Shares of Rs.10/- each, fully paid up (Refer footnote)	2,216,600,000
	2,216,600,000

Footnote:

All 221,660,000 shares are held by the IL&FS Transportation Networks Limited

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MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE B : RESERVES & SURPLUS

	As at March 31, 2011 Rupees
Capital Reserve Grant from National Highway Authorities of India (Equity Support)	1,462,418,892
Balance in Profit and Loss Account	(601,687)
Total Reserves and Surplus	1,461,817,205

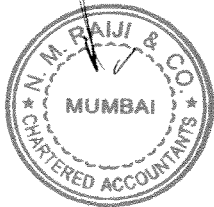


MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE C : LOAN FUNDS

		As at March 31, 2011 Rupees
<u>SECURED LOANS</u>		
Term Loan From Banks (refer Note 15 to Schedule 'J')		4,349,915,000
Total Secured Loans	A	4,349,915,000
<u>UNSECURED LOANS</u>		-
Total Unsecured Loans	B	-
Total Loan Fund	A + B	4,349,915,000



MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

Schedule D : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		Amount In Rupees
	At the Beginning of the Year	Additions	Deletions	Closing as at 31-Mar-11	At the Beginning of the Year	For the year	Deletions	As at 31-Mar-11	As at 31-Mar-10
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Plant & Machinery	-	1,576,725	-	1,576,725	-	6,009	-	1,570,716	-
Data Processing Equipments	-	1,324,223	-	1,324,223	-	14,834	-	1,309,389	-
Total	-	2,900,948	-	2,900,948	-	20,843	-	2,880,105	-
Capital Work In Progress	-	5,489,208,006	-	5,489,208,006	-	-	-	5,489,208,006	-
Grand Total	-	5,492,108,954	-	5,492,108,954	-	20,843	-	5,492,088,111	-

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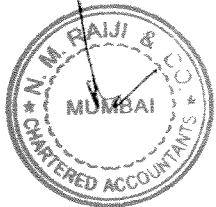


MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE E : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2011 Rupees
CURRENT ASSETS	
Cash & Bank Balances	
Cash-in-hand	478,990
Balances with Scheduled Banks	
- In Current Account	18,677,030
- In Fixed Deposit Account	300,000,000
Sub Total (A)	319,156,020
OTHER CURRENT ASSETS	
Interest Accrued on Fixed Deposits	49,314
Sub Total (B)	49,314
Loans & Advances	
Advances recoverable in cash or in kind or for value to be received	1,413,824,096
Advances Taxes (net of provision for tax)	18,121,118
Grant Receivable from National Highway Authorities of India	1,462,418,892
Sub Total (C)	2,894,364,106
Total Current Assets and Loans & Advances (A + B + C)	3,213,569,440



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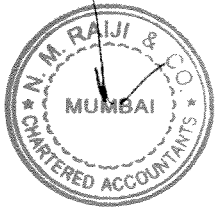
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MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rupees
<u>CURRENT LIABILITIES</u>	
Sundry Creditors	633,296,454
Other Liabilities	43,868,892
	677,165,346
<u>PROVISIONS</u>	-
Total Current Liabilities And Provisions	677,165,346



MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

SCHEDULE G : INCOME

	For the Period from January 11, 2010 to March 31, 2011 Rupees
Other Income	
Toll revenue	6,415,648
Total	6,415,648
Total Income	6,415,648



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MORADABAD BAREILLY EXPRESSWAY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

SCHEDULE H : ADMINISTRATIVE & GENERAL EXPENSES

	For the Period from January 11, 2010 to March 31, 2011 Rupees
Auditors' Remuneration (refer note 9 to Schedule 'J')	325,385
Bank Charges	152,323
Business Promotion Expenses	186,233
Directors' Sitting Fees	150,000
Insurance Charges	221
Toll Expenses	5,785,173
Legal & Professional Expenses	36,149
Licence Fees	4,440
Office Expenses	86,002
Tax Audit Fees	82,725
Profession Tax	5,000
Rates and Taxes	1,460
Total Administrative & General Expenses	6,815,111



MORADABAD BAREILLY EXPRESSWAY LIMITED

Schedule – I : Significant Accounting Policies of Accounts as at March 31, 2011

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. 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

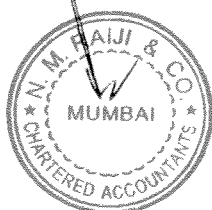
Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

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.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

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

Asset Type	Useful Life
Computers	4 Years
Specialised Office Equipment	3 Years
Assets Provided to Employees	3 Years



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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.

b) 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.

3. Revenue Recognition

Revenue is recognised on accrual basis.

4. Cash Flow Statements

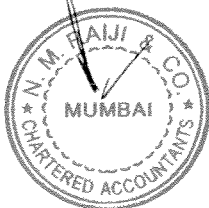
The Cash-flow Statements are prepared in accordance with "indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India (ICAI) and notified under Companies Act 1956.

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 or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance charges in the income statement in the period in which they are incurred



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7. Preliminary Expenditure

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

8. Taxation

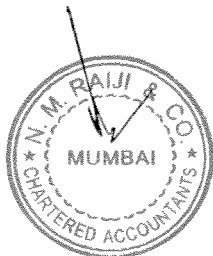
Income Tax comprises of Current Tax, and net changes in Deferred Tax Assets or liabilities during the period. Current Tax is determined at the amount of tax payable in respect of taxable income for the period as per the Income Tax Act, 1961. Deferred Tax Assets and Liabilities are recognised for the 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.



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SCHEDULE 'J': NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. The company was incorporated under the Companies Act, 1956 on January 11, 2010 vide Registration No. U45208MH2010PLC198737. The Financial Statements audited and reported are for the period from January 11, 2010 to March 31, 2011.

IL&FS Transportation Networks Ltd. (ITNL) had submitted a bid on February 19, 2010 for development of the Moradabad-Bareilly section of NH-24 (the Project) from Km 148.000 to km 262.000, in the State of Uttar Pradesh, through private participation on a Design, Build, Finance, Operate and Transfer (DBFOT) basis. ITNL was declared as the "Successful Bidder" for the Project by the National Highways Authority of India (NHAI). The Company has entered into a Concession Agreement (CA) on February 19, 2010, with NHAI, represented by its Chairman and having its principal offices at G-5 & 6, Sector 10, Dwarka, New Delhi- 110 075, to Design, Finance, Operate and Maintain the Project for a period of 25 years, commencing from the Appointed date, including construction period of 910 days required for 4 laning of the Project.

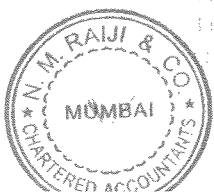
2. Revenue Recognition

Toll collection in the preoperative stage has been recognised as Revenue to the extent relating to the operation and maintenance expenses incurred on the existing road. The residual toll collection has been adjusted against the cost incurred on the project.

3. Incidental Expenditure during construction period pending allocation to fixed assets:

All income and expenses earned / incurred prior to the commencement of commercial operation of the Project Highway have been credited / debited to "Pre-operative expenses" and necessary details, as required by Part II of Schedule VI of the Companies Act, 1956, have been appropriately disclosed as under:

Particulars	As at 31-Mar-11 (Rupees)
Expenses debited:	
Advisory Fees	113,609,000
Business Promotion Expenses	251,084
Concession Fees	1
Debt Syndication Fees	43,634,129
Insurance	1,846,680
Interest & Finance Charges	193,697,949
Legal & Professional Fees	12,845,100
Lenders Engineer Fees	266,000
Management Fees	9,706,400
Milestone Payment	1,879,591,013
Pre-Construction Activities	1,980,000,000
Printing & Stationery Expenses	55,311
Project Development Fees (Design & Drawing)	102,150,000
Project Management Fees	850,000,000
Security & Fire Insurance Charges	106,651,278
Security Custodianship Fees	1,875,150
Stamping & Registration Charges	17,822,100
Telephone & IT Expenses	29,738
Traveling & Conveyance Expenses	214,100
Utilities	1,100,000



MUMBAI METRO RAILWAY EXPRESSWAY LIMITED

Total - A	5,542,944,337
Less :	
Income credited :	
Interest on Fixed Deposit	12,726,264
Tax Collection	41,010,067
Total - B	53,736,331
TOTAL (A - B)	5,489,208,006

4. Capital commitments:

Particulars	As at March 31, 2011 (Rupees)
Estimated amount of contracts remaining on capital account and not provided for	11,97,09,02,624/-

5. Segment Reporting:

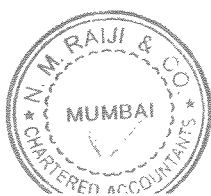
The Company is engaged in the infrastructure business and is a Special Purpose Vehicle (SPV) formed for the specific purpose detailed in note no.1 above and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 on "Segment Reporting" notified under the Companies (Accounting Standard) Rules 2006, have not been made.

6. Government Grant

Under the terms of the agreement with The National Highway Authority, it is committed to provide cash support by way of an outright grant of Rs. 4,433,233,000/-, which is linked to the borrowing of the Company. As on March 31, 2011, an amount of Rs. 11,97,09,02,624/- has been recognised as grant receivable from NHAI and Capital Reserve has been created for the said amount.

7. Earnings per Share:

Particulars	Unit	As at March 31, 2011
Net Profit - (Loss) after tax	Rs.	(601,687)
Equity Shares outstanding	No.	22,16,60,000
Weighted average number of equity shares outstanding	No.	22,16,60,000
Market Value of Equity Shares	Rs.	10.00
Book Value of Equity Shares	Rs.	10.00



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MORADABAD BAREILLY EXPRESSWAY LIMITED

8. Related Party Disclosures:

Disclosures as required by the Accounting Standard (AS) 18 on "Related Party Disclosures" are made below;

(A) Name of the related parties and description of relationship:

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS)
Holding Company:	IL & FS Transportation Networks Limited (ITNL)
Fellow Subsidiaries: (with whom there have been Transactions during the period)	IL&FS Trust Company Limited (ITCL)
	IL&FS Financial Services Limited (IFIN)
	IL&FS Education & Technology Services Limited (IETS)
Key Management Personnel:	Mr. Ashutosh Chandwar

(B) Transactions for the period ended March 31, 2011:

		Amount In Rupees
Company	Nature of Transaction	For the Period Ended March 31, 2011
IL&FS Transportation Network Limited	Equity Share Capital	2,216,600,000
	Project Management Fees	850,000,000
	Project Development Fees	322,150,000
	Milestone Payment	1,829,591,043
	Pre-Construction Activity	1,980,000,000
	Advisory Fees	113,609,000
	Mobilisation Advance	1,401,250,000
IL&FS Trust Company Limited	Security Trusteeship Fees	1,875,100
IL&FS Financial Services Limited	Security & Documentation Charges	106,651,278
	Debt Syndication Fees	43,634,129



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(C) Balances outstanding:

Company	Nature of Transaction	Amount In Rupees
		As at March 31, 2011
IL&FS Transportation Network Limited	Equity Share Capital	2,216,600,000
	Sundry Creditors	614,332,386
	Mobilisation Advance - Paid	1,401,250,000
IL&FS Education & Technology Services Limited	Sundry Creditors	9,000,000
IL&FS Trust Company Limited	Deposit - Paid	1,000

Note:

- ❖ Amounts are inclusive of service tax.
- ❖ Reimbursement of cost is not included in the above

9. Auditors Remuneration (including Service Tax):

Particulars	For the period Ended March 31, 2011 (Rs.)
Statutory Audit fees	66,180
Certification Matters	82,725
Other Services	176,480
Total	325,385

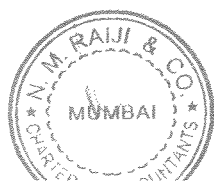
10. In accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22), deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard. However considering the present financial position and requirement of the said Accounting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

11. Managerial Remuneration:

During the period, the Company has appointed a Manager. The terms of appointment does not include any remuneration. During the period, the directors of the Company have not drawn any remuneration. Directors are paid only sitting fees in respect of the meetings attended by them.

12. Deputation Costs:

The Company has not have any employee on its payroll. Salaries and other benefits of deputed personnel are recorded as expenses incurred on account



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MUMBAI SUBURBAN RAILWAY EXPRESSWAYS LIMITED

charged by the employers or those deputed personnel for the period for which services are rendered to the Company.

13. Secured Loans:

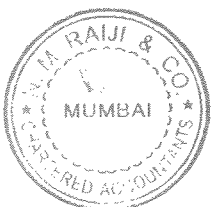
Term loans from banks are secured by hypothecation of:

- 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.

14. Dues to Micro, Small and Medium Enterprises:

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.

15. In the opinion of the Board of Directors, Current Assets, Loans and Advances are realizable at a value, which is at least equal to the amount at which these are stated in the ordinary course of business and provision made for all known and determined liability are adequate and not in excess of the amount stated.
16. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 have been given to the extent applicable.
17. The Company has not taken any derivative instrument during the period and there is no derivative instrument outstanding as at the year end. Further, at the year end there is no outstanding foreign currency exposure in respect of receivables and payables.



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MORADABAD BAREILLY EXPRESSWAY LIMITED

18. Loans & advances and sundry creditors are subject to balance confirmations and reconciliation, if any.

As per the Report of Even Date

For N.M.Raiji & Co.
Chartered Accountants
Firm Reg No:108296 W



Vinay D. Balse
Partner
M.No: 39434

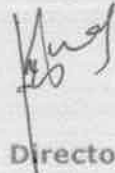


Place : Mumbai
Date: April 21, 2011

For and on behalf of the Board



Director



Director



Manager