

# F-7 Laxmi Mills  
Shakti Mills Lane (Off Dr E Moses Rd)  
Mahalaxmi Mumbai 400 011 India  
Tel : 91 22 2493 2502 / 6655 1770  
Fax : 91 22 6655 1774  
Grams : VERIFY  
www.KSAiyar.com  
Mail@KSAiyar.com

## **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, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

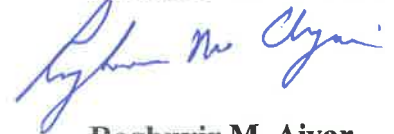
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its 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, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in "Annexure B"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note no 24 to the financial statements.
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K. S. Aiyar & Co.  
Chartered Accountants  
ICAI F.R No. 100186W



**Raghuvir M. Aiyar**  
Partner  
Membership No: 38128

**Place:** Mumbai  
**Date:** April 26 , 2016

**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date on the financial statements for the year ended on March 31, 2016, of **Moradabad Bareilly Expressway Limited**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties.
- (ii) Considering the nature of business of the Company, clauses 3 (ii) of the Order regarding inventory is not applicable to the company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clause (a), (b) and (c) of clause (iii) are not applicable.
- (iv) The Company has not advanced any loans or made any investments or guarantees, hence the provisions of Section 185 and 186 of the Companies Act 2013 are not applicable.
- (v) The Company has not accepted any deposits from the public to which the provisions of section 73 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules 2014 apply.
- (vi) According to information & explanations given to us, the Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, and the Company has made and maintained the same.
- (vii) (a) The directions relating to Provident Fund and Employee’s State Insurance are not applicable to the Company. Further, based on our examination of the records maintained during the year, the Company is not liable to make any payments towards wealth tax, customs duty, excise duty, cess, sales tax and value added tax.



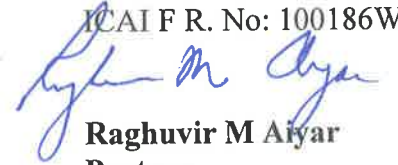
The Company has been generally regular in depositing income tax and service tax dues along with cess thereon with the appropriate authority and there are no undisputed amounts payable there of which are outstanding, as at March 31, 2016 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, there are no dues of income tax, sales tax, service tax, custom duty, excise duty which have not been deposited on account of any dispute.
- (viii) 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.
- (ix) The Company did not raise money by way of initial public offer or further public offer (including debt instruments). The monies raised by way of term loans were applied for the purpose for which they were raised.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.
- (xi) The Company does not pay any managerial remuneration.
- (xii) The Company is not a Nidhi Company.
- (xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc.as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

**Place : Mumbai**  
**Date : April 26, 2016**

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI F R. No: 100186W



**Raghuvir M Aiyar**  
**Partner**  
**Membership No.: 38128**



**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MORADABAD BAREILLY EXPRESSWAY LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Moradabad Bareilly Expressway Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.


**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.


#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



Raghuvir M. Aiyar  
Membership NO.38128  
Partner

Place: Mumbai  
Date: April 26, 2016

**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Balance Sheet As at March 31, 2016

CIN No: U45208MH2010PLC198737

	Particulars	Note	As At		As At	
			March 31, 2016		March 31, 2015	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>					
	(a) Share capital	2	2,216,600,000		2,216,600,000	
	(b) Reserves and surplus	3	4,190,199,324	<b>6,406,799,324</b>	4,724,747,545	<b>6,941,347,545</b>
<b>2</b>	<b>NON-CURRENT LIABILITIES</b>					
	(a) Long-term borrowings	4	15,947,512,500		12,724,972,500	
	(b) Deferred tax liabilities (Net)	5	-		526,000	
	(c) Other long term liabilities	9	9,496	<b>15,947,521,996</b>	-	<b>12,725,498,500</b>
<b>3</b>	<b>CURRENT LIABILITIES</b>					
	(a) Short-term borrowings	6	2,905,300,000		5,532,500,000	
	(b) Trade payables	7	3,169,947,676		2,646,365,971	
	(c) Other current liabilities	8	2,259,988,957		562,569,253	
	(d) Short-term provisions		-		-	
				<b>8,335,236,633</b>		<b>8,741,435,224</b>
	<b>TOTAL</b>			<b>30,689,557,953</b>		<b>28,408,281,269</b>
<b>II</b>	<b>ASSETS</b>					
<b>1</b>	<b>NON CURRENT ASSETS</b>					
	(a) Fixed assets	10				
	(i) Tangible assets (net)		8,778,663		10,559,172	
	(ii) Intangible assets (net)		25,691,559,066		1	
	(iii) Capital work-in-progress		-		-	
	(iv) Intangible assets under development		-	<b>25,700,337,729</b>	28,236,869,021	<b>28,247,428,194</b>
	(d) Deferred tax assets (Net)	5	-		-	
	(b) Long-term loans and advances	11	5,077,063	<b>5,077,063</b>	5,500,972	<b>5,500,972</b>
<b>2</b>	<b>CURRENT ASSETS</b>					
	(a) Trade receivables	12	2,685,509		18,691,314	
	(b) Cash and bank balances	13	242,230,286		66,665,540	
	(c) Short-term loans and advances	14	38,611,632		24,059,249	
	(d) Other current assets	15	4,700,615,734	<b>4,984,143,161</b>	45,936,000	<b>155,352,103</b>
	<b>TOTAL</b>			<b>30,689,557,953</b>		<b>28,408,281,269</b>

Note 1 to 28 forms part of the financial statements.

In terms of our report attached.

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No.100186W



Raghuvir M. Aiyar

Partner

Membership Number : 38128

Place: Mumbai

Date :April 26, 2016

For and on behalf of the Board



Managing Director



Director



Chief Financial Officer

S. Bosu

Company Secretary

Place: Mumbai

Date :April 26, 2016

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2016**  
**CIN No: U45208MH2010PLC198737**

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	Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
I	Revenue from operations	17	792,756,955	116,348,507
II	Other income	18	9,776,554	3,896,759
III	<b>Total revenue (I + II)</b>		<b>802,533,509</b>	<b>120,245,266</b>
IV	<b>Expenses</b>			
	Operating expenses	19	68,532,966	12,417,478
	Employee benefits expense	20	123,496	-
	Finance costs	21	1,072,306,727	-
	Depreciation and amortization expense	11	172,235,799	(1,211,578)
	Administrative and General Expenses	22	24,408,742	2,670,860
	<b>Total expenses</b>		<b>1,337,607,730</b>	<b>13,876,760</b>
V	<b>Profit before taxation (III-IV)</b>		<b>(535,074,221)</b>	<b>106,368,506</b>
VI	<b>Tax expense:</b>			
	(1) Current tax		-	33,800,000
	(2) Tax relating to earlier year		-	-
	(3) Deferred tax		(526,000)	667,000
	<b>Total tax expenses (VI)</b>		<b>(526,000)</b>	<b>34,467,000</b>
VII	<b>Profit for the year (V-VI)</b>		<b>(534,548,221)</b>	<b>71,901,506</b>
	Earnings per equity share (Face value per share Rupees 10/-):	21		
	(1) Basic (not annualised)		(2.41)	0.32
	(2) Diluted (not annualised)		(2.41)	0.32

Note 1 to 28 forms part of the financial statements.

In terms of our report attached.

**For K. S. Aiyar & Co.**

Chartered Accountants

ICAI Firm Registration No.100186W



Raghuvir M. Aiyar

Partner

Membership Number : 38128

Place: Mumbai

Date :April 26, 2016

**For and on behalf of the Board**

  
**Managing Director**

  
**Director**

  
**Chief Financial Officer**

  
**Company Secretary**

Place: Mumbai

Date :April 26, 2016

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Cash Flow Statement for the year ended March 31, 2016  
CIN No: U45208MH2010PLC198737

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Taxes</b>	(535,074,221)	106,368,506
<b>Adjustments for :-</b>		
Interest on deposits	(6,781,029)	-
Construction Income	-	-
Construction Cost	-	-
Finance costs	1,072,306,727	-
Loss on sale of fixed assets (net)	100,228	-
Depreciation and amortization expense	172,235,799	(1,211,578)
<b>Operating profit before Working Capital Changes</b>	<b>702,787,504</b>	<b>105,156,928</b>
<b>Adjustments changes in working capital:</b>		
(Increase) / Decrease in other assets & loans and advances (current and non current)	8,114,647	(6,206,845)
Increase / (Decrease) in liabilities (current and non current)	538,511,526	2,216,998,259
<b>Cash Generated from Operations</b>	<b>1,249,413,677</b>	<b>2,315,948,341</b>
Direct Taxes (paid) (Net)	(6,237,316)	(47,354,718)
<b>Net Cash generated from Operating Activities (A)</b>	<b>1,243,176,361</b>	<b>2,268,593,624</b>
<b>Cash flow from Investing Activities</b>		
(Additions) to fixed assets	(46,471)	(94,500)
(Increase) in Intangible assets	(634,039,253)	(4,775,919,082)
Proceeds from sale of fixed assets	38,000	-
(Increase) / decrease in loans and advances	1,315,295	116,426,663
Increase / (decrease) in current liabilities & provisions	-	(271,199,238)
Fixed Deposit encashed / (placed) with original maturity of more than three months (net)	(155,701,773)	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(788,434,201)</b>	<b>(4,930,786,157)</b>
<b>Cash flow from Financing Activities</b>		
Capital Grant received from National Highway Authority of India	45,936,000	307,610,000
Proceeds from borrowings	7,787,500,000	644,504,550
Proceeds from borrowings - ITNL	2,070,000,000	4,045,000,000
Repayments of borrowings	(701,176,000)	(99,576,235)
Repayments of borrowings - ITNL	(7,100,000,000)	-
Finance costs paid	(2,537,139,187)	(2,196,085,918)
<b>Net Cash generated from Financing Activities (C)</b>	<b>(434,879,187)</b>	<b>2,701,452,398</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>19,862,973</b>	<b>39,259,865</b>
Cash and Cash Equivalent at the beginning of the year	66,624,645	27,364,780
Cash and Cash Equivalent at the end of the year	86,487,618	66,624,645
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>19,862,973</b>	<b>39,259,865</b>

Components of Cash and Cash Equivalents	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash on Hand	6,464,059	5,169,013
Balances with Banks in current accounts	80,023,559	61,455,632
Fixed deposits placed	-	-
(Cash and Cash Equivalent excludes deposits with Scheduled Banks with maturity more than 3 months Rs.NIL)	86,487,618	66,624,645
Bank balances held as margin money or else security against borrowings	-	-
Fixed deposits placed for periods exceeding 3 months	155,742,668	40,895
<b>Cash and bank balances as per Balance Sheet</b>	<b>242,230,286</b>	<b>66,665,540</b>

Note 1 to 28 forms part of the financial statements.

In terms of our report attached.

For **K. S. Aiyar & Co.**

Chartered Accountants

ICAI Firm Registration No.100186W

  
Raghuvir M. Aiyar

Partner

Membership Number : 38128

For and on behalf of the Board

  
Managing Director

  
Director

  
Chief Financial Officer

  
Company Secretary

Place: Mumbai

Date :April 26, 2016



Place: Mumbai

Date :April 26, 2016

## **MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming parts of the Financial Statements for the year ended March 31, 2016

### **Note 1: Significant Accounting Policies**

#### **(A) Nature of Operation**

The Company is a Special Purpose Vehicle promoted by IL&FS Transportation Network Services Limited. The Company has entered into a Concession Agreement (CA) with the National Highways Authority of India on February 19, 2010. Under the terms of CA, the Company has obtained a concession to develop, design, engineer, finance, procure, construct, operate, and maintain the Moradabad Bareilly Bypass Project (the Project Highway) for a period of 25 years. The CA permits the Company to levy, demand, collect and appropriate the Fees from vehicles and persons liable to payment of Fees for using the Project Highway or any part thereof over the period of the CA referred to above.

#### **(B) Accounting Policies**

##### **1. Basis of preparation of Financial Statements**

The financial statements are prepared under Historical cost convention in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards as specified under section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014. All income and expenditure having a material bearing on the financial statements are recognised on an accrual basis.

The preparation of financial statements in conformity with IGAAP 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.

All Assets and Liabilities have been classified as current or non-current as per the operating cycle criteria set out in Schedule III to the Companies Act 2013. Based on the nature of activities the company has ascertained its operating cycle as Twelve months.

##### **2. Use of estimates**

The preparation of financial statements in conformity with IGAAP 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

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming parts of the Financial Statements for the year ended March 31, 2016

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

**(a) Tangible fixed assets and depreciation**

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

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

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 on tangible fixed assets is computed as under:  
 All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para below

Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013 based on internal technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.:

Asset	Useful Life (years)	Method
Data Processing Equipment (Server & Networking)	4	SLM
Mobile Phones and I pad / Tablets	Fully depreciated in the year of purchase	-
Specialised office equipment's	3	SLM
Vehicles	5	SLM
Assets provided to employees	3	SLM
Leasehold improvement costs	Amortised over Primary period of Lease	SLM
All categories of assets costing less than 5,000/- each	Fully depreciated in the year of purchase	-

The residual value of all the assets is retained at ₹. 1/- each

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## **MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming parts of the Financial Statements for the year ended March 31, 2016

### **(b) Intangible Assets and Amortisation**

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

The Intangible rights which are recognised in the form of right charge users of the infrastructure assets are amortised in proportion to revenue for the year to projected revenue i.e. based on toll revenue for the year to projected revenue that is expected to be collected over the Concession period as estimated by the management.

A review of the estimated revenue over the balance period, of useful life / the concession period of the rights is undertaken by the management based on technical evaluation by independent experts at periodic intervals to assess the additional charge for amortisation, if any.

Intangible Assets comprises are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any.

Other Intangible assets are amortised on a "Straight line" basis over the estimated useful lives. The estimated useful life of software is four years.

### **(c) 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



## **MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming parts of the Financial Statements for the year ended March 31, 2016

Intangible asset as the construction work is still in progress and the entire asset is not ready for its intended purpose. However, where there is other than temporary delay due to reasons beyond the control of the Company, the management may treat asset is ready for its intended use and discontinue to reduce the revenue from the cost of the Intangible assets, and asset will be capitalised.

### **4. 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.

### **5. Revenue Recognition**

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

### **6. Other Income**

Interest Income is recognised on a time proportion basis.

### **7. 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.

### **8. Grant**

- a) Grant received as Equity Support from the National Highway Authority of India under the CA entered into with the National Highways Authority of India on March 22, 2005 is treated as Capital Reserve.

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## **MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming parts of the Financial Statements for the year ended March 31, 2016

- b) Grant receivable as Operation and Maintenance Support from National Highways Authority of India under the CA is accounted in the period to which it relates in terms of the CA.
- c) Grant payable by the Company to National Highways Authority of India in terms of the CA during the 'Operations Period' of the CA will be accounted in the period for which it is payable in the terms of the CA.

### **9. Employee Cost:**

Employee Costs include Short term employee benefits such as Salaries, Incentives etc., as defined in AS -15 on Employee Benefits. The same are recognised as an expense in the period in which the service is rendered by the concerned employee to the company. Company does not have any Defined Benefit or Defined Contribution plans

### **10. 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

### **11. Preliminary Expenditure**

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

### **12. 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.

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## **MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming parts of the Financial Statements for the year ended March 31, 2016

### **13. Accounting of Claims:**

Price Escalation and other claims or variation are recognized and reduced from the capital cost only when:-

- (a) Negotiations have reached to an advanced stage such that it is probable that authority will accept the claim; and/or
- (b) The amount that is probable will be accepted by the authority and can be measured reliably.

### **14. 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.

### **15. Cash and Cash Equivalents:**

Cash comprises of Cash on Hand, Cheques on Hand and demand deposits with Banks. Cash Equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value.

### **16. 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), specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) rules 2014.

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 2: Share capital**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of Rupees 10/- each	221,660,000	2,216,600,000	221,660,000	2,216,600,000
<b>Issued</b> Equity Shares of Rupees 10/- each	221,660,000	2,216,600,000	221,660,000	2,216,600,000
<b>Subscribed and Paid up</b> Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, iii and iv)	221,660,000	2,216,600,000	221,660,000	2,216,600,000
<b>Total</b>	<b>221,660,000</b>	<b>2,216,600,000</b>	<b>221,660,000</b>	<b>2,216,600,000</b>

**Foot Notes:**

- i. Of the above 221,660,000 shares are held by the holding Company (As at March 31, 2015 : 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, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	221,660,000	2,216,600,000	221,660,000	2,216,600,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>221,660,000</b>	<b>2,216,600,000</b>	<b>221,660,000</b>	<b>2,216,600,000</b>

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL & FS Transportation Networks Ltd.	221,660,000	100	221,660,000	100
<b>Total</b>	<b>221,660,000</b>	<b>100</b>	<b>221,660,000</b>	<b>100</b>

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, 2016		As at March 31, 2015	
<b>(a) Capital Reserve</b>				
Opening balance	4,433,233,000		4,205,466,052	
(+) Created during the period	-		227,766,948	
(-) Written back in current period		<b>4,433,233,000</b>		<b>4,433,233,000</b>
<b>(e) Other Reserves</b>				
<b>(b) Profit / (Loss) Surplus</b>				
Opening balance	291,514,545		219,929,257	
(-) Adjustment due to change in depreciation policy			(316,218)	
(+) Profit for the current year	(534,548,221)	<b>-243,033,676</b>	71,901,506	291,514,545
<b>Total</b>		<b>4,190,199,324</b>		<b>4,724,747,545</b>

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Note 4: Long-term borrowings

Particulars	As at March 31, 2016		As at March 31, 2015	
<b>Term Loans</b>				
(i) Secured				
From banks	15,947,512,500		12,724,972,500	
From Related party		15,947,512,500	-	12,724,972,500
<b>Total</b>		<b>15,947,512,500</b>		<b>12,724,972,500</b>

Foot Notes:

**Secured By:**

Term loans from banks are secured by hypothecation of:

- All movable, tangible and intangible assets, receivables, cash and investments created as part of the projects.
- 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.
- 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.
- Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.
- 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.
- Debt Service Reserve Account and any other accounts required to be created by the Borrower under any Project agreement contract.

**Terms of Repayment:**

- 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.
- Amounts repaid by the Borrower shall not be re-borrowed.
- 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.
- 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.
- 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 Senior Lender Banks.

Total Loan has been disbursed by Banks

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	13,186,500
2014-2015	1.00	131,865,000
2015-2016	2.40	316,476,000
2016-2017	4.00	527,460,000
2017-2018	5.20	685,698,000
2018-2019	6.00	791,190,000
2019-2020	8.60	1,134,039,000
2020-2021	11.00	1,450,515,000
2021-2022	13.60	1,793,364,000
2022-2023	16.50	2,175,772,500
2023-2024	19.53	2,575,323,450
2024-2025	12.07	1,591,610,550
<b>Total</b>	<b>100.00</b>	<b>13,186,500,000</b>

**Loan from Axis Bank Ltd.**

The Company has taken secured loan of Rs. 500 Crs from Axis Bank Ltd. as on September 30, 2015 for period of 3 years.

Term loans from banks are secured by hypothecation of:

- First pari passu charge on current assets (including receivables of IL& FS Transportation Networks Ltd (ITNL) after seeking NOC from existing lenders
- Unconditional Debt Service Reserve Account of 1 quarter interest plus principal during the entire tenure of the facility.

**Repayment Schedule**

Loan is repayable after moratorium period of 12 months from the first disbursement and repayment of loan in 8 quarterly installments of 12.50% each.

Financial Year	Repayment (% of Senior Debt)	Amount of Debt Repayment (Rs.)
2016-2017	25.00	1,250,000,000
2017-2018	50.00	2,500,000,000
2018-2019	25.00	1,250,000,000
<b>Total</b>	<b>100.00</b>	<b>5,000,000,000</b>

**Interest Rate**

Particulars	Rate of Interest (%)
Senior Debt	12.65
Axis Bank	12.20

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

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

The entity have net deferred tax liability aggregating ₹ NIL as at March 31, 2016 (t deferred tax liabilities aggregating at March 31, 2015 ₹ 5,26,000/).

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

Particulars	As at March 31, 2016	Movement	As at March 31, 2015
<b>Liabilities:</b>			
Timing differences in respect of income *	-	-	-
Timing differences in respect of depreciation	574,301,981	573,775,981	526,000
<b>Assets:</b>			
Timing differences in respect of unabsorbed depreciation and business losses	(574,301,981)	(574,301,981)	-
Timing differences in respect of provision for overlay	-	-	-
<b>Net deferred tax liability</b>	<b>-</b>	<b>(526,000)</b>	<b>526,000</b>

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 6: Short-term borrowings**

Particulars	As at March 31, 2016		As at March 31, 2015	
<b>Short term loans</b>				
<b>(i) Secured</b>				
From Related party (refer foot note	1,415,300,000	1,415,300,000		-
<b>(ii) Unsecured</b>				
From Related party	1,490,000,000	1,490,000,000	5,532,500,000	5,532,500,000
<b>Total</b>		<b>2,905,300,000</b>		<b>5,532,500,000</b>

**Foot Notes:****Secured By:**

Term loans from related party are secured by :

Residual Charge on project cash flows available after serving senior lender but before serving of any other sub debt.

**Repayment**

Term loan is to be repaid by Bullet Repayment falling on April 21, 2016.

**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 7: Trade Payables**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Trade Payables				
Related parties	3,142,215,631		2,630,163,408	
Others	27,732,045	3,169,947,676	16,202,563	2,646,365,971
<b>Total</b>		<b>3,169,947,676</b>		<b>2,646,365,971</b>

**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, 2016		As at March 31, 2015	
(a) Current Maturities of Long Term Debt	1,777,460,000	1,777,460,000	316,476,000	316,476,000
(b) Interest accrued and due on borrowings				
From related parties	463,082,755		240,040,884	
From others	1,514,461	464,597,216	3,040,953	243,081,837
(c) Statutory dues	16,002,607	16,002,607	378,910	378,910
(d) Other current liabilities				
From related parties				
From others - Retention Money	1,929,134	1,929,134	2,632,506	2,632,506
<b>Total</b>		<b>2,259,988,957</b>		<b>562,569,253</b>

**Note 9: Long-term provisions**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Provision for employee benefits	9,496		-	
(b) Provision for overlay	-		-	
(c) Provision for taxes (net)	-	9,496	-	-
<b>Total</b>		<b>9,496</b>		<b>-</b>

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 10: Fixed assets

Particulars	Gross block			Accumulated depreciation			Net block		
	Balance as at April 1, 2015	Additions	Disposals	Balance as at March 31, 2016	Opening adjustments	Charge for the period	On disposals	Balance as at March 31, 2016	Balance as at March 31, 2015
<b>a) Tangible assets</b>									
Plant and machinery	4,632,605	-	-	4,632,605	-	326,632	-	1,201,215	3,431,390
Furniture and fixtures	17,309	-	-	17,309	-	-	-	17,304	5
Vehicles	9,179,139	-	238,995	8,940,144	-	1,195,948	100,767	3,761,205	5,178,939
Office equipments	497,736	-	-	497,736	-	155,919	-	365,631	132,105
Data processing equipments	1,527,990	46,471	-	1,574,461	-	10,253	-	1,538,237	36,224
<b>Total</b>	<b>15,854,779</b>	<b>46,471</b>	<b>238,995</b>	<b>15,662,255</b>	<b>-</b>	<b>1,688,752</b>	<b>100,767</b>	<b>6,883,592</b>	<b>10,559,172</b>
<b>b) Intangible assets</b>									
Software / Licences	5,000	-	-	5,000	-	-	-	4,999	1
Moradabad Bareilly Express Road	-	30,557,256,112	4,695,150,000	25,862,106,112	-	170,547,047	-	170,547,047	25,691,559,065
<b>Total</b>	<b>5,000</b>	<b>30,557,256,112</b>	<b>4,695,150,000</b>	<b>25,862,111,112</b>	<b>-</b>	<b>170,547,047</b>	<b>-</b>	<b>170,552,046</b>	<b>25,691,559,066</b>
<b>c) Capital work-in-progress</b>									
Intangible Assets under Development	28,236,869,021	2,320,387,092	30,657,256,112	-	-	-	-	-	28,236,869,021
<b>GRAND TOTAL</b>	<b>28,252,728,800</b>	<b>32,877,689,675</b>	<b>35,252,645,107</b>	<b>25,877,773,367</b>	<b>-</b>	<b>172,235,799</b>	<b>100,767</b>	<b>177,435,638</b>	<b>25,700,337,729</b>
<b>PREVIOUS YEAR</b>	<b>21,280,648,184</b>	<b>6,972,080,616</b>	<b>-</b>	<b>28,252,728,800</b>	<b>316,218</b>	<b>(1,211,578)</b>	<b>-</b>	<b>5,300,606</b>	<b>28,247,428,194</b>

Foot Note:

- Depreciation on assets used during the construction period ₹ NIL (March 31, 2015 ₹ NIL) has been included in "Capital Work in Progress". Therefore, the charge to the statement of profit and loss is lower by this amount.
- Intangible asset under development includes claim against the National Highway Authority for amounting to Rs. 244,61,60,821/- as claimed by the Developer viz L&FS Transportation Networks Limited.

**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 11: Long-term loans and advances**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Capital Advances				
Unsecured, considered good	3,108,677	3,108,677	3,532,586	3,532,586
(b) Security Deposits				
Unsecured, considered good	1,968,386	1,968,386	1,968,386	1,968,386
<b>Total</b>		<b>5,077,063</b>		<b>5,500,972</b>

**Note 12: Trade receivables**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good		975,703		18,631,889
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good		1,709,806		59,425
Other considered doubtful	4,211,965			
Less: Provision for doubtful debt	4,211,965	-		-
<b>Total</b>		<b>2,685,509</b>		<b>18,691,314</b>

**Note 13: Cash and cash equivalents**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Cash and cash equivalents				
Cash on hand	6,464,059		5,169,013	
Current accounts	80,023,559		61,455,632	
Fixed Deposits placed	-	86,487,618	-	66,624,645
(b) Other bank balances				
Unpaid dividend accounts				
Fixed Deposits placed for a period exceeding 3 months	155,742,668		40,895	
Bank balances held as margin money or else security against borrowings	-	155,742,668	-	40,895
<b>Total</b>		<b>242,230,286</b>		<b>66,665,540</b>

**Note 14: Short-term loans and advances**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Other loans and advances (Unsecured, considered good)				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	21,435,156		15,197,841	
- Prepaid Expenses	86,745		1,055,519	
- Works Contract Tax Receivable	17,089,731		7,805,890	
- Short term loans - others	-	38,611,632	-	24,059,249
<b>Total</b>		<b>38,611,632</b>		<b>24,059,249</b>

**Note 15: Other current assets**

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Interest accrued on Fixed Deposit	5,465,734		-	
(b) Grant receivable from National Highway Authorities of India	-		45,936,000	
(c) Other				
Claim receivable from National Highway Authorities of India	4,695,150,000		-	
	-	4,700,615,734		45,936,000
<b>Total</b>		<b>4,700,615,734</b>		<b>45,936,000</b>

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 16: Revenue from operations**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(a) Income from services Toll revenue		792,756,955		116,348,507
(b) Construction income		-		-
<b>Total</b>		<b>792,756,955</b>		<b>116,348,507</b>

**Note 17: Other income**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(a) Other non-operating income				
Interest on Income tax refund	-		-	
Excess provisions written back	-		110,102	
Interest income	6,781,029		-	
Miscellaneous income	1,624,297	8,405,326	3,786,657	3,896,759
(b) Other Income				
Income from Utility Shifting	1,371,228	1,371,228	-	-
<b>Total</b>		<b>9,776,554</b>		<b>3,896,759</b>

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 18: Operating expenses**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Construction contract costs	-		-	
Operation and maintenance expenses of Toll Road	68,532,966		12,417,478	
Provision for overlay expenses	-	68,532,966	-	12,417,478
Toll plaza expenses	-		-	
<b>Total</b>		<b>68,532,966</b>		<b>12,417,478</b>

**Note 19: Employee benefit expenses**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(a) Salaries, Wages and allowances	114,000		-	
(b) Contribution to provident and other funds	9,496		-	
(c) Staff Training & Welfare expenses	-	123,496	-	-
<b>Total</b>		<b>123,496</b>		<b>-</b>

**Note 20: Finance costs**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(a) Interest expenses				
Interest on loans for fixed period	1,070,022,810		-	-
Other interest	-	1,070,022,810	-	-
(b) Other borrowing costs				
Finance charges	2,283,917		-	-
Upfront fees on performance guarantee	-	2,283,917	-	-
<b>Total</b>		<b>1,072,306,727</b>		<b>-</b>

**Note 21: Administrative and General Expenses**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Legal and consultation fees	8,647,726		867,873	
Auditors' Remuneration	804,386		572,670	
Travelling and conveyance	56,172		624,458	
Deputation Cost	524,970		-	
Rates and taxes	369,905		28,853	
Repairs and maintenance	1,776,447		-	
Bank commission	941,943		178,680	
Expenses for Utility Shifting	1,371,228		-	
Communication expenses	466,228		-	
Insurance	459,164		83,718	
Directors' fees	380,000		280,000	
Bad debts and provision for doubtful debts	4,211,965		-	
Loss on sale of fixed assets (net)	100,228		-	
CSR Expenses	4,211,272		-	
Miscellaneous expenses	87,108	24,408,742	34,608	2,670,860
<b>Total</b>		<b>24,408,742</b>		<b>2,670,860</b>

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

Sr. No.	Name of Party	Description	For the year	For the Year
			ended March 31, 2016	ended March 31, 2015
1	K. S. Aiyar & Co.	Audit Fees	357,813	280,900
		Other Services	431,444	273,599
		Out of Pocket Expenses	15,129	18,171
		<b>Total</b>	<b>804,386</b>	<b>572,670</b>

**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

## Note 22: Earnings per equity share

Particulars	Unit	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax and minority interest	₹	(534,548,221)	71,901,506
Tax on premium on preference shares	₹	-	-
Profit available for Equity Shareholders	₹	(534,548,221)	71,901,506
Weighted number of Equity Shares outstanding	Numbers	221,660,000	221,660,000
Nominal Value of equity shares	₹	10	10
Basic Earnings per share	₹	(2.41)	0.32
Equity shares used to compute diluted earnings per share	Numbers	221,660,000	221,660,000
Diluted Earnings per share	₹	(2.41)	0.32

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**  
Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 23: Contingent liabilities and capital commitments**

**A. Contingent Liabilities**

Particulars			As at March 31, 2016	As at March 31, 2015
Sr. No.	Name of Party	Description		
1	Moradabad Bareilly Expressway Limited	Income tax demands contested by the	9,522,300	9,522,300

**B. Capital commitments**

Particulars			As at March 31, 2016	As at March 31, 2015
Sr. No.	Name of Party	Description		
1	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on capital account (net of capital advances of Rs. Nil- [previous year ended March 31, 2015 Rs. Nil])	235,000,000	800,000,000
		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)	3,906,140,668	4,070,115,950

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## MORADABAD BAREILLY EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

### Note 24: Completion Certificate / Claim

NHAI has issued the Provisional Completion Certificate on January 6, 2015 and November 4, 2015 as per the term of sub clause 15.1 of concession agreement dated February 19, 2010. Based on the provisional Certificate, company had capitalized the project on November 4, 2015 in the books. Final certificate will be issued on completion of balance work.

#### Claim:

During the year, Company has filed claims of ₹ 892.16 crs with NHAI in accordance with the provisions of the Concession Agreement signed with NHAI. The arbitration proceedings for the same are going on. Based on the confirmation from Independent legal and technical experts on the tenability and probability of acceptance of such claims, company has reduced ₹. 469.52 crs from capital cost of the project.

### Note 25: Related Party Statement

Name of Entity	Nature of Relationship	Acronym used/ Designation
Infrastructure Leasing & Financial Services Limited	Ultimate Holding Company	IL&FS
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
Rapid Metro rail Gurgaon South Limited	Fellow Subsidiary	RMGSL
Mr. Ashutosh Chandwar	Key Management personnel	Managing Director
Mr. Sachin Gole	Key Management personnel	Chief Financial Officer
Mr. Saptarshi Basu	Key Management personnel	Company Secretary

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

Account head	Name of Entity	As at March 31, 2016	As At March 31, 2015
<b>Balances:</b>			
Share Capital	ITNL	2,216,600,000	2,216,600,000
Trade payables	ITNL	3,142,215,631	2,630,148,239
Short Term Loan	ITNL	502,500,000	5,532,500,000
Short Term Loan	RMGSL	987,500,000	-
Short Term Loan	IFIN	1,415,300,000	-
Deposit Given	ITCL	1,000	1,000
Sundry Creditors	ISSL	-	15,169
Sundry Creditors	IFIN	-	-
Loan Interest Payables	ITNL	462,291,402	240,040,884
Loan Interest Payables	IFIN	-	-
Loan Interest Payables	IL&FS	-	-
Loan Interest Payables	RMGSL	791,353	-
<b>Transactions:</b>		<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Salary	Company Secretary	-	-
Milestone Payment (O & M Startup Fee)	ITNL	1,632,453,021	4,974,278,472
Loan Taken	ITNL	2,070,000,000	4,045,000,000
Loan Repaid	ITNL	7,100,000,000	-
Loan Taken	IFIN	1,800,000,000	-
Loan Repaid	IFIN	384,700,000	-
Loan Taken	IL&FS	5,300,000,000	-
Loan Repaid	IL&FS	5,300,000,000	-
Loan Taken	RMGSL	987,500,000	-
Management Fees Paid	ITNL	-	99,450,000
Mobilisation Advance Recover	ITNL	-	24,910,841
Operation & Maintenance Expenses	ITNL	163,921,856	38,687,947
Syndication Fee	IFIN	57,000,000	-
Interest on Short Term Loan	ITNL	246,945,022	494,391,998
Interest on Short Term Loan	IFIN	199,221,881	-
Interest on Short Term Loan	IL&FS	118,449,315	-
Interest on Short Term Loan	RMGSL	879,281	-
Security Trustee Fees paid	ITCL	796,087	786,520
Professional Fees	ISSL	-	34,308
<b>Salary to Key Management Personnel</b>			
Mr. Saptarshi Basu	Company Secretary	114,000	-
<b>Directors' Fees</b>			
Shaivali Parekh		70,000	20,000
Paresh Shah		110,000	-
Goutam Mukherjee		110,000	-
Ashutosh Chandwar		40,000	40,000
T C Pant		30,000	20,000
Krishna Ghag		20,000	60,000
Harish Mathur		-	60,000
S C Mittal		-	80,000

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**MORADABAD BAREILLY EXPRESSWAY LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2016

**Note 26: Segment information**

As the Company operates in a single business as well as geographical segment, the disclosures required under the Accounting Standard on "Segment Reporting" (AS - 17) notified under the Companies Accounting Standards Rules, 2006 are not applicable.

**Note 27: CSR Expenses**

CSR Expenditure	For the year ended March31, 2016	For the year ended March31, 2015
(i) Gross Amount required to be spent by the Company during the year	2,385,876	2,209,135
(ii) Amount spent during the year	4,211,272	-
(a) Construction/acquisition of any asset	-	-
(b) On purpose other than above (ii) (a) - In cash	-	-
(c) On purposes other than above (ii) (a) - Yet to be paid in cash	(1,825,396)	2,209,135

**Note 28: 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

ICAI Firm Registration No.100186W



Raghuvir M. Aiyar

Partner

Membership Number : 38128

Place: Mumbai

Date :April 26, 2016

For and on behalf of the Board



Managing Director



Director



Chief Financial Officer



Company Secretary

Place: Mumbai

Date :April 26, 2016

