

CHENANI NASHRI TUNNELWAY LIMITED

ANNUAL REPORT

2010-11

DIRECTORS' REPORT

The Shareholders,
CHENANI NASHRI TUNNELWAY LIMITED

Your Directors have pleasure in presenting the First Annual Report along with the Audited Accounts for the period from June 2, 2010 to 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	395,548
Total Expenses	27,641,221
Profit/(Loss) Before Tax	(27,245,673)
Less: Provision for Tax	-
Profit/(Loss)After Tax	(27,245,673)
Balance carried forward	(27,245,673)

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 undertaken the project awarded by National Highway Authority of India (NHAI) for construction of 9 km long road tunnel between Chenani and Nashri of NH-1A in the state of Jammu & Kashmir on Design Build Finance Operate & Transfer (DBFOT) on annuity basis. The project has a concession period of 20 years with total project cost of ₹3720 Crores. The financial closure for the project was achieved on November 14, 2010. The project cost is met through a combination of Debt (Senior Debt of ₹2,976 Crores and Subordinate debt of ₹372 Crores) and promoter's contribution of ₹372 Crores. The Company achieved physical progress of 10.12% till 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. Mukund Sapre and Mr. Gopalkrishnan Vishwanathan were appointed as Additional Directors on the Board of the Company with effect from July 27, 2010 and January 25, 2011.

respectively. Mr. Gopalkrishnan Viswanathan was also appointed as Managing Director of the Company for a period of five years with effect from January 25, 2011.

CONSTITUTION OF AUDIT COMMITTEE

During the period under review, Audit Committee comprising of Mr. Mukund Sapre, Mr. Krishna Ghag, and Mr. Ajay Menon was constituted on January 25, 2011.

AUDITORS:

M/s. Luthra & Luthra, Chartered Accountants, were appointed as the first auditors of the Company and hold the office till the conclusion of the ensuing Annual General Meeting of the Company. M/s. Luthra & Luthra have expressed their willingness to continue as Statutory Auditors of the Company for the FY 2011-12, if re-appointed

DEPOSITS:

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

CORPORATE GOVERNANCE:

Four Board Meetings were held during the period under review on June 2, 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	4	4
2	Mr. Ravi Sreehari	4	3
3	Mr. Ajay Menon	4	4
4	Mr. Mukund Sapre (w.e.f. July 27, 2010)	3	2
5.	Mr. Gopalkrishnan Vishwanathan (w.e.f. January 25, 2011)	1	0

PARTICULARS OF EMPLOYEES:

There are 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:

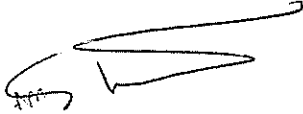
The Directors place on records their appreciation for the continued support and co-operation rendered by National Highway Authority of India (NHAI), Central and State Government/Agencies, Bankers, Financial Institutions, Regulatory Authorities and Shareholders of the Company.

Date : April 19, 2011
Place : Mumbai

For and on behalf of the Board



(Director)



(Director)

Luthra & Luthra

Chartered Accountants

REPORT OF THE AUDITORS' TO THE MEMBERS OF CHENANI NASHRI TUNNELWAY LIMITED

1. We have audited the attached Balance Sheet of **CHENANI NASHRI TUNNELWAY LIMITED** as at 31st March, 2011, the Profit and loss account and the Cash Flow Statement for the period ended on that date annexed thereto. 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 (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together 'the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks of the books and records of the company as we considered appropriate and the information and explanation given to us during the course of audit.
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 accounts 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.

104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069

Tel. : 2683 0883, 2683 0885 Fax : 2683 0877



Luthra & Luthra

Chartered Accountants

- e) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) 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
 - ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For Luthra & Luthra

Chartered Accountants

Firm Registration. No. 002081N



Amit A. Purohit

Amit A. Purohit

Partner

Membership No. 101612

Mumbai: 19/4/2011

104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069

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Luthra & Luthra

Chartered Accountants

Annexure referred to in paragraph (3) of the Auditors' Report of even date to the members of CHENANI NASHRI TUNNELWAY LIMITED on the accounts for the period ended 31st March, 2011

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the period as per the programme of verification adopted by the management of the Company, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between book records and the physical inventory have been noticed in respect of the assets physically verified.
- (c) Since no part of the fixed assets has been disposed off by the Company during the period, paragraph 4(i)(c) of the Order is not applicable.
- (ii) As the company does not have any Inventory, paragraph 4(ii)(a),(b) and (c) of the Order are not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such, paragraph 4(iii) (a), (b), (c), (d) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such paragraph 4(iii) (e), (f), (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets. The activities of the Company during the financial period under audit do not involve purchase of inventory and sale of goods or services. Further, on the basis of the information and explanations given to us, we have neither observed nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any transaction referred to in Section 301 of the Act. Hence paragraph 4(v)(a) and (b) of the said Order are not applicable.

104, Amrapali, R. S. Maharaj Marg (Teli Gulli), Andheri(E), Mumbai-400069
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- (vi) As the Company has not accepted any deposits from the public, paragraph 4(vi) of the Order is not applicable.
- (vii) As neither the paid up capital and reserves of the Company exceed Rs. 50 Lakhs nor the turnover exceeds Rs. 5 Crores, paragraph 4(vii) relating to internal audit is not applicable to the company.
- (viii) To the best of our knowledge and as explained to us, the company has not maintained any cost records under Clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, as these have not been prescribed by the Central Government.
- (ix) (a) According to the information and explanations given to us and according to the books and records examined by us, the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax and other material statutory dues as applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such Statutory dues which have remained outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed statutory dues payable by the Company.
- (x) As the Company has been registered for a period less than five years, paragraph 4(x) dealing with accumulated losses and cash losses is not applicable to the Company.
- (xi) As the Company has not borrowed any funds during the period, paragraph 4 (xi) of the Order is not applicable.
- (xii) According to 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. Accordingly paragraph 4 (xii) of the Order is not applicable.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other Investments. Accordingly, paragraph 4 (xiv) of the Order is not applicable.



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Chartered Accountants

- (xv) 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.
- (xvi) As the Company has not taken any term loan during the period, paragraph 4 (xvi) of the Order is not applicable.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the period.
- (xix) The Company has not issued any debentures. Accordingly, paragraph 4 (xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issue during the period. Accordingly, paragraph 4 (xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the Management.

For Luthra & Luthra

Chartered Accountants
Firm Registration No. 002081N



Amit A. Purohit

Amit A. Purohit
Partner
Membership No. 101612

Mumbai: 19/4/2011

CHENANI NASHRI TUNNELWAY 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		3,475,900,000
Share Application Monies (Pending Allotment)			244,100,000
TOTAL			3,720,000,000
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	B	1,462,281	
Less: Depreciation		-	
Net Block		1,462,281	
Capital Work In Progress		5,120,575,060	
			5,122,037,341
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and bank balances	C	260,270,922	
Others Current Assets		263,525	
Loans and advances		2,400,063,057	
		2,660,597,504	
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	D	4,089,880,518	
Provisions		-	
		4,089,880,518	
NET CURRENT ASSETS			(1,429,283,014)
PROFIT AND LOSS ACCOUNT			27,245,673
TOTAL			3,720,000,000


Significant accounting policies of accounts and Notes Forming part of the Financial Statements

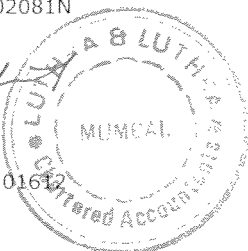
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Schedules "A" to "F" annexed hereto form part of the financial statements.

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

For and on behalf of the Board


Amit A. Purohit
Partner
Membership Number : 101612
Place: Mumbai
Date: 19/4/2011




Managing Director


Director

Place: Mumbai
Date: 19/4/2011

CHENANI NASHRI TUNNELWAY LIMITED


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

	Schedule	For the period ended March 31, 2011 Rupees
INCOME		
Interest on Fixed Deposits [Gross (TDS Rs. 39,557/-)]		395,548
		395,548
EXPENSES		
Administrative and general expenses	E	27,619,267
Preliminary expenses written off		21,954
		27,641,221
LOSS BEFORE DEPRECIATION and TAX		(27,245,673)
Less: Depreciation		-
LOSS BEFORE TAX		(27,245,673)
Provision for taxation		-
- Current Tax		-
- Deferred Tax		-
LOSS AFTER TAX		(27,245,673)
Balance brought forward		-
Balance carried forward		(27,245,673)
Earnings Per Share (EPS)		
Basic		(0.21)
Diluted		(0.21)
Significant accounting policies of accounts and Notes Forming part of the Financial Statements	F	

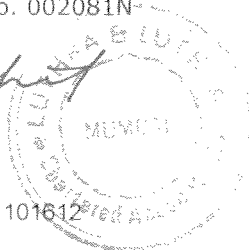
Schedules "A" to "F" annexed hereto form part of the financial statements.

For LUTHRA & LUTHRA


Chartered Accountants
Firm Registration No. 002081N-


Amit A. Purohit
Partner

Membership Number : 101612
Place: Mumbai
Date: 19/4/2011



For and on behalf of the Board


Managing Director


Director

Place: Mumbai
Date: 19/4/2011

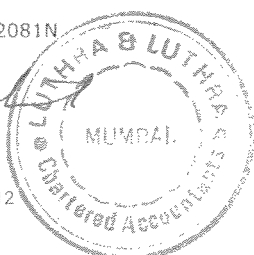
CHENANI NASHRI TUNNELWAY LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011

	For the period ended March 31, 2011 Rupees
Cash Flow from Operating Activities	
Net Loss Before Tax	(27,245,673)
Adjustments for :-	
Depreciation	-
Interest on Fixed Deposits	(395,548)
Operating loss before Working Capital Changes	(27,641,221)
Adjustments changes in working capital:	
(Increase) / decrease in Trade and other receivable	(263,525)
Increase / (decrease) in Trade payable and others	114,511
Operating Cash Flows after Working Capital Changes	(27,790,235)
Direct taxes paid	
Net Cash Flow from Operations (A)	(27,790,235)
Cash flow from Investing Activities	
Purchase of Fixed Assets	(1,462,281)
Capital Work In Progress	(5,120,575,060)
Increase / (decrease) in payables	4,089,766,007
(Increase) / decrease in loans & advances	(2,400,001,000)
Interest on Fixed Deposits	395,548
Direct Taxes paid	(62,057)
Net Cash from Investing Activities (B)	(3,431,938,843)
Cash flow from Financing Activities	
Issue of Equity Shares	3,475,900,000
Share Application Monies Received	244,100,000
Net Cash from Financing Activities (C)	3,720,000,000
Net Increase in Cash & Cash Equivalents (A+B+C)	260,270,922
Cash and Cash Equivalent at the beginning of the Period	-
Cash and Cash Equivalent at the end of the Period	260,270,922
Net Increase / (Decrease) in Cash & Cash Equivalents	260,270,922
Notes:	
Components of Cash & Cash Equivalent	
Cash on Hand	5,510
Balance with Scheduled Banks - Current Accounts	110,265,412
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	150,000,000
	260,270,922
Fixed deposits placed for periods exceeding 3 months	-
Cash and bank balance (Schedule C)	260,270,922
Significant accounting policies of accounts and Notes Forming part of the Financial Statements	F

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

Amit A. Purohit
Partner
Membership Number 101612
Place: Mumbai
Date: 19/4/2011



For and on behalf of the Board

Managing Director

Place: Mumbai
Date: 19/4/2011

Director

CHENANI NASHRI TUNNELWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE A : SHARE CAPITAL

	As at March 31, 2011 Rupees
AUTHORISED	
37,20,00,000 equity shares of Rs. 10/- each	3,720,000,000
	3,720,000,000
ISSUED	
34,75,90,000 equity shares of Rs. 10/- each	3,475,900,000
	3,475,900,000
SUBSCRIBED AND PAID-UP	
34,75,90,000 equity shares of Rs. 10/- each (held by IL&FS Transportation Networks Limited, the Holding Company)	3,475,900,000
	3,475,900,000

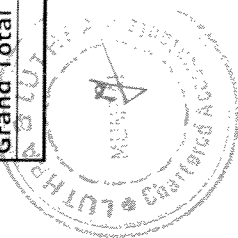


CHENANI NASHRI TUNNELWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

Schedule B : FIXED ASSETS

Particulars	Gross Block			Depreciation		Amount In Rupees	
	Additions	Deductions	Closing as at 31-03-2011	For the period	Deductions	As at 31-03-2011	Net Block As at 31-03-2011
Land	1,462,281	-	1,462,281	-	-	-	1,462,281
Total	1,462,281	-	1,462,281	-	-	-	1,462,281
Capital Work In Progress	5,120,575,060	-	5,120,575,060	-	-	-	5,120,575,060
Grand Total	5,122,037,341	-	5,122,037,341	-	-	-	5,122,037,341

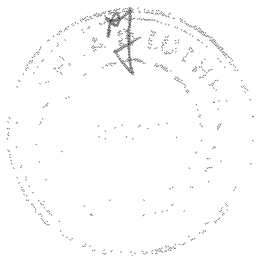


CHENANI NASHRI TUNNELWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE C : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2011 Rupees
CURRENT ASSETS	
<u>Cash and bank balances</u>	
Cash on hand	5,510
Balance with scheduled banks	
In current account	110,265,412
In deposit account	150,000,000
Total cash and bank balances	260,270,922
<u>Other current assets</u>	
Interest accrued but not due	263,525
Total other current assets	263,525
LOANS & ADVANCES (Unsecured, considered Good)	
Advance against capital expenditure	2,400,000,000
Deposits	1,000
Taxes Paid	62,057
Total loans & advances	2,400,063,057
	2,660,597,504

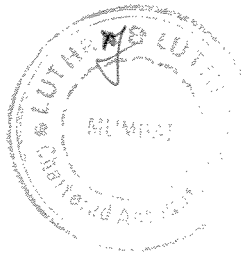


CHENANI NASHRI TUNNELWAY LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE D : CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rupees
CURRENT LIABILITIES	
(a) Sundry creditors	
-Total outstanding dues to Micro and Small Enterprises	-
-Total outstanding dues to Creditors other than Micro and Small Enterprises	3,991,924,146
(b) Other Liabilities	97,956,372
Total current liabilities	4,089,880,518
PROVISIONS	
Total provisions	-
Total Current Liabilities & Provisions	4,089,880,518



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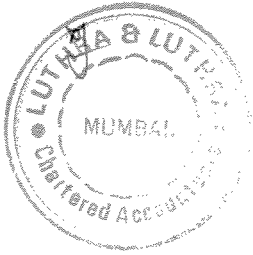
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CHENANI NASHRI TUNNELWAY LIMITED

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

SCHEDULE E : ADMINISTRATIVE & GENERAL EXPENSES

	For the period ended March 31, 2011 Rupees
Rates & Taxes	27,173,733
Auditors' Remuneration	264,720
Bank Charges	42,725
Directors' Sitting Fees	70,000
Invitee Sitting Fees	10,000
Legal & Professional Fees	58,089
Total Administrative & General expenses	27,619,267



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Schedule – F: Significant Accounting Policies and Notes to Financial Statements

Background:

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

Significant Accounting Policies:

1. Basis of Accounting

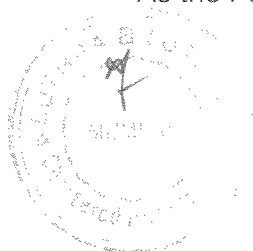
The Financial Statements have been prepared under the historical cost convention and comply with the Accounting Standards ('AS') specified in the Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956, to the extent applicable.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

2. Use of estimates

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

3. Revenue Recognition

The Concession Agreement envisages Revenue in the form of Annuity of a fixed sum on pre-determined dates (not more than twice a year). The Annuity payment will start accruing to the Company, six months after the Commercial Operation Date ("COD"). As the Project is still under construction stage, no revenue has been recognised.



CHENANI NASHRI TUNNELWAY LIMITED

4. Fixed Assets

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

5. Capital Work-in-Progress

Capital Work-in-progress includes direct and attributable expenses for construction of Road net off interest earned on Fixed Deposit.

6. 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.

7. Borrowing costs

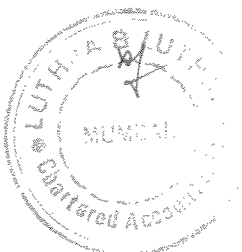
Borrowing costs attributable to construction of the road are treated as a part of Capital Work in progress for subsequent capitalization on commencement of commercial operations of the road.

8. Preliminary Expenditure

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

9. Accounting for Taxes on Income

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



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CHENANI NASHRI TUNNELWAY LIMITED

10. Provisions, Contingent Liabilities and Assets

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

11. Cash Flow Statement

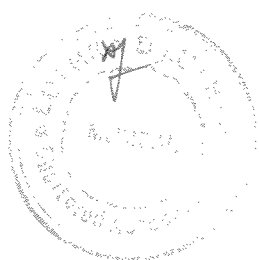
Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating; investing and financing activities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

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

12. Earnings per Share (EPS)

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

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



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CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of Accounts:

1. Segment Reporting

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

2. Related Party Disclosure

Related Party Disclosures as per the AS-18 on "Related Party Disclosure" in respect of the Company as on March 31, 2011 are as follows:

(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 year)	IL&FS Trust Company Limited ("ITCL")
	IL&FS Financial Services Limited ("IFIN")
	IL&FS Education & Technology Services Limited ("IETSL")
Key Management Personnel:	Mr. Gopalkrishnan Viswanathan (Managing Director)

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

Nature of Transaction	ITNL	ITCL	IFIN	IETSL
Equity Share Capital	3,47,59,00,000	-	-	-
Share Application Monies	24,41,00,000	-	-	-
Mobilisation Advances	2,40,00,00,000	-	-	-
Project Development Fees	1,78,00,00,000	-	-	-
Project Management Fees	6,57,33,333	-	-	-
Milestone Payment	2,74,37,62,857	-	-	-
Security Trusteeship Fees	-	25,64,701	-	-
Syndication & Advisory Fees	-	-	41,03,16,000	-
Underwriting Fees	-	-	24,81,750	-
Legal & Professional Fees	-	-	-	1,00,00,000
Balance Payable	1,07,06,01,610	23,08,231	37,18,48,779	90,00,000

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CHENANI NASHRI TUNNELWAY LIMITED

3. Earning per Share (E.P.S.)

Particulars	For the Period ended March 31, 2011 (Rs)
Profit / (Loss) for the period	(2,72,45,673/-)
Weighted average number of equity shares outstanding in calculating Basic & Diluted EPS	12,86,10,264
Nominal Value of Equity Shares	10/-
EPS – Basic & Diluted	(Re.0.21)

4. Managerial Remuneration:

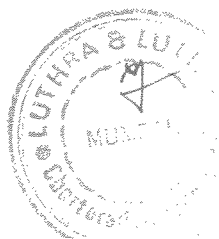
During the period, the Company has appointed a Managing Director. The Terms of appointment does not include any remuneration. Directors are paid only sitting fees in respect of the meetings attended by them.

5. Auditors' Remuneration (including Service Tax)

Particulars	For the Period ended March 31, 2011 (Rs)
Statutory Audit fees	1,10,300/-
Certification Matters	44,120/-
Other Services	1,10,300/-
Total	2,64,720/-

6. Contingent Liabilities as on balance sheet:

Particulars	For the Period ended March 31, 2011 (Rs)
Capital Commitment in respect of road project (net of advances paid)	22,87,65,03,810/-



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CHENANI NASHRI TUNNELWAY LIMITED

7. 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.

8. 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.
9. In the absence of book / tax profits or losses and consequent impact of the timing differences on the same, provision for Deferred Taxes and Current Income Tax has not been made.
10. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 have been given to the extent applicable.
11. The Company has not taken any derivative instrument during the period and there is no derivative instrument outstanding on the Balance Sheet date. Further, on the Balance Sheet date there is no outstanding foreign currency exposure in respect of receivables and payables.
12. Loans & Advances and sundry creditors are subject to balance confirmations and reconciliation, if any.
13. These financial statements are from period beginning 2nd June 2010 (being the date of incorporation) and ending on 31st March 2011 and hence corresponding figures of previous reporting period are not given, being not applicable.

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



Amit A. Purohit

Partner

M. No - 101612

Date: 19/4/2011

Place: Mumbai



For and behalf of the Board



Managing Director



Director