

**PUNE SHOLAPUR ROAD DEVELOPMENT
COMPANY LIMITED**

ANNUAL REPORT

2010-11

DIRECTORS' REPORT

The Shareholders,

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

Your Directors have pleasure in presenting the Second Annual Report along with the Audited Accounts for the financial year ended March 31, 2011

FINANCIAL RESULTS:

The financial results of the Company are as under:

(in ₹)

Particulars	For the financial year ended on March 31, 2011	For the financial year ended on March 31, 2010
Total Income	-	-
Total Expenses	13,05,991	4,36,405
Profit/(Loss) Before Tax	(13,05,991)	(4,36,405)
Less: Provision for Tax	(44,50,000)	(10,45,000)
Profit/(Loss)After Tax	(57,55,991)	(14,81,405)
Balance carried forward	(72,37,396)	(14,81,405)

DIVIDEND:

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

OPERATIONS:

Your Company has been awarded a project by National Highway Authority of India (NHAI) of augmenting the existing road aggregating to 101.30 km on the Pune -Sholapur section of NH-9 in the state of Maharashtra on Design Build Finance Operate & Transfer (DBFOT) on toll basis. The project has a concession period of 20 years with total project cost of ₹ 1402.68 Crores. As the construction road falls under the bird sanctuary area, an application has been made to the Hon'ble Supreme Court for de-notification of Sanctuary Area, as recommended by the National Wild Life Board and the same is still awaited.

DIRECTORS:

Mr. Manish Agarwal and Mr. Danny Samuel, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment

Mr. Mukund Sapre, Mr. M K Mohan and Mr. Sachin Gajjar had resigned as Directors of the Company with effect from July 28, 2010, February 8, 2011 and February 9, 2011 respectively. The Board placed on record its sincere appreciation for the valuable guidance and support rendered by them during their tenure

AUDITORS:

M/s. Lakhani & Co., Chartered Accountants, retires at the ensuing Annual General Meeting of the Company and have expressed their willingness to continue as Statutory Auditors, if re-appointed

DEPOSITS:

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

CORPORATE GOVERNANCE:

Four Board Meetings were held during the year under review on May 10, 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. Mukund Sapre (upto July 28, 2010)	2	1
3	Mr. M. K. Mohan (upto February 8, 2011)	4	4
4	Mr. Harish Mathur	4	3
5	Mr. Sachin Gajjar (upto February 9, 2011)	4	3
6	Dr. V. K. Raina	4	2
7	Mr. Manish Agarwal	4	2
8	Mr. Danny Samuel	4	4

The Audit Committee has been constituted by the Company for observing good corporate governance and has focused attention on the affairs of the Company

The Audit Committee is comprised of Mr. Harish Mathur, Mr. Krishna Ghag and Mr. Danny Samuel. The Audit Committee met three times during the year under review on July 27, 2010, October 25, 2010 and January 25, 2011

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:

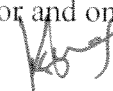
There was no earning or outgo of foreign exchange during the year under review.

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

ACKNOWLEDGMENTS:

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

For and on behalf of the Board



(Director)



(Director)

Date : April 19, 2011
Place : Mumbai

AUDITORS' REPORT TO THE MEMBERS OF PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

1. We have audited the attached Balance Sheet of PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED (the 'Company') as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year 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 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 misstatement. 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 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 the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and also the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and also the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representation 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.
- (vi) 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
- (c) in the case of the Cash Flows Statement, of the cash flows of the Company for the year ended on that date

For M/s. Lakhani & Co.
Chartered Accountants
Firm Regn No.105524W



(Parag Modi)
Partner
M.No. 114105



Place : Mumbai

Date : 19/4/2011

Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date to the members of PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED on the financial statements for the year 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 are physically verified during the year by the Management.
 - (c) The company has not disposed off any of its fixed assets during the year.
- (ii) The Company has no Inventory. Accordingly sub-clauses (a), (b), and (c) of clause 4(ii) of the Order is not applicable.
- (iii)
 - (a) 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 Companies Act, 1956. Accordingly sub-clauses (a), (b), (c), and (d) of clause 4(iii) of the Order are not applicable.
 - (b) The Company has not taken any loan secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, reporting under this sub-clauses (e), (g) & (h) of clause 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (a) and (b) of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from public within the meaning of the Sections 58A and 58AA or any other relevant provisions of the Act, and the rules framed there under. Accordingly clause 4(vi) of the Order is not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.



- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 with regard to the nature of the business of the Company.
- (ix)
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed dues payable in respect of provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other statutory dues as applicable, were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of wealth tax, service tax, sales tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
- (x) Since the Company is not registered for more than 5 years, clause 4(x) of the Order is not applicable.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has generally not defaulted in repayment of dues to Banks. The Company has not borrowed from any financial institution.
- (xii) Based on our examination and according to the information and explanation 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 clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is not a chit fund, nidhi mutual benefit fund/ society. Accordingly clause 4(xiii) of the Order is not applicable.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly clause 4(xiv) of the Order is not applicable.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year. Accordingly clause 4(xv) of the Order is not applicable.




- (xvi) To the best of our knowledge and belief and according to the information and explanations and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to any Parties or Companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year. Accordingly clause 4(xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issue during the year. Accordingly clause 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, and according to the information and explanations given us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For M/s. Lakhani & Co.
Chartered Accountants
Firm Regn No.105524W

Place : Mumbai

Date : 19/4/2011..


(Parag Modi)
Partner
M.No. 114105



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	Rupees	As at March 31, 2011 Rupees	Rupees	As at March 31, 2010 Rupees
I. SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	A		1,600,000,000		500,000
Advance towards Capital			-		1,599,500,000
LOAN FUNDS					
- Secured Loans	B		2,650,100,000		-
TOTAL			4,250,100,000		1,600,000,000
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	C	15,067,548		13,528,266	
Less: Depreciation		4,049,234		515,713	
Net Block		11,018,314		13,012,553	
Add: Capital Work In Progress		3,953,537,247	3,964,555,561	2,397,694,297	2,410,706,850
CURRENT ASSETS, LOANS AND ADVANCES					
(a) Cash and bank balances	D	439,854,463		32,854,671	
(b) Other current assets		473,119		2,590	
(c) Loans and advances		685,534,048		438,712,737	
		1,125,861,630		471,569,998	
LESS: CURRENT LIABILITIES AND PROVISIONS					
(a) Current liabilities	E	847,484,529		1,283,573,212	
(b) Provisions		70,058		185,041	
		847,554,587		1,283,758,253	
NET CURRENT ASSETS			278,307,043		(812,188,255)
PROFIT AND LOSS ACCOUNT			7,237,396		1,481,405
TOTAL			4,250,100,000		1,600,000,000

Significant accounting policies

G

Notes forming part of the Financial Statements

H

Schedules "A to H" annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our report of even date attached.

For Lakhani & Co
Chartered Accountants

Parag Modi

Parag Modi
Partner
Membership Number : 114105
Place: Mumbai
Date: 19/4/2011



For and on behalf of the Board

[Signature]

Director

[Signature]

Director

[Signature]
Manager

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

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

	Schedule	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
INCOME			
Income from operations		-	-
EXPENSES			
Administrative and general expenses	F	1,305,991	416,209
Preliminary expenses written off		-	20,196
		1,305,991	436,405
Profit/(Loss) before Depreciation and Tax		(1,305,991)	(436,405)
Depreciation		-	-
Profit/(Loss) before Tax		(1,305,991)	(436,405)
Provision for taxation - current		(4,450,000)	(1,045,000)
Net Profit/(Loss) after Tax		(5,755,991)	(1,481,405)
Balance brought forward		(1,481,405)	-
Balance carried to Balance Sheet		(7,237,396)	(1,481,405)

Basic Earning per share	(0.04)	(29.63)
Diluted Earning per share	(0.04)	(0.03)
(Refer Schedule "H" Note 8)		
Face Value	10.00	10.00

Significant accounting policies
Notes forming part of the Financial Statements

G
H

Schedules "A to H" annexed hereto form part of the
Balance Sheet and Profit and Loss Account

As per our report of even date attached.

For Lakhani & Co
Chartered Accountants

For and on behalf of the Board

Parag Modi

Parag Modi
Partner
Membership Number : 114105
Place: Mumbai
Date: 19/4/2011



[Signature]
Director

[Signature]
Manager

[Signature]
Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
<u>Cash Flow from Operating Activities</u>		
Net Profit / (Loss) Before Tax and Extraordinary Items	(1,305,991)	(436,405)
Adjustments for :-		
Miscellaneous Expenses	144,070	-
Operating profit before Working Capital Changes	(1,161,921)	(436,405)
<u>Adjustments changes in working capital:</u>		
(Increase) / decrease in Trade and other receivable	250,000	(253,500)
Increase / (decrease) in Trade payable and others	445,989	275,396
Operating Cash Flows after Working Capital Changes	(465,932)	(414,509)
Direct Taxes (paid) / receivable (Net)	(5,411,171)	(859,959)
Net Cash Flow from Operations (A)	(5,877,103)	(1,274,468)
<u>Cash flow from Investing Activities</u>		
(Increase) / decrease in Capital work in progress	(1,957,824,750)	(1,516,780,911)
Purchase of Fixed Assets	(1,539,282)	(13,528,266)
Interest on Fixed Deposits	14,218,874	348,780
Interest on Loan Given	-	3,348,219
Net Cash used in Investing Activities (B)	(1,945,145,158)	(1,526,612,178)
<u>Cash flow from Financing Activities</u>		
Issue of Equity Shares	-	500,000
Share Application Money Received	-	1,599,500,000
Proceeds from Long term Borrowings	2,650,100,000	-
Interest & other finance charges paid	(292,077,947)	(39,258,683)
Net Cash from Financing Activities (C)	2,358,022,053	1,560,741,317
Net Increase in Cash & Cash Equivalents (A+B+C)	406,999,792	32,854,671
Cash and Cash Equivalent at the beginning of the year	32,854,671	-
Cash and Cash Equivalent at the end of the year	439,854,463	32,854,671
Net Increase in Cash & Cash Equivalents	406,999,792	32,854,671

Notes:


Components of Cash & Cash Equivalent

	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
Cash on Hand	1,317	6,836
Balance with Scheduled Banks - Current Accounts	4,853,146	17,847,835
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	435,000,000	15,000,000
Balance with Scheduled Banks in term deposits (maturity more than 3 months)	439,854,463	32,854,671
Cash and bank balance (Schedule D)	-	-
	439,854,463	32,854,671

Significant accounting policies
Notes forming part of accounts

As per our report of even date attached.


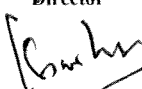
For Lakhani & Co
Chartered Accountants


Parag Modi
Partner
Membership Number : 114105
Place: Mumbai
Date: 19/4/2011



G
H

For and on behalf of the Board


Director

Manager


Director

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2011

SCHEDULE A : CAPITAL

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
AUTHORISED		
160,000,000 equity shares of ₹10/- each	1,600,000,000	1,600,000,000
	1,600,000,000	1,600,000,000
ISSUED		
Issued 160,000,000 (Previous year ended March 31, 2010 : 50,000) equity shares of ₹10/- each	1,600,000,000	500,000
	1,600,000,000	500,000
SUBSCRIBED AND PAID-UP		
Subscribed and paid up 160,000,000 (Previous year ended March 31, 2010: 50,000) equity shares of ₹10/- each (Refer footnote)	1,600,000,000	500,000
	1,600,000,000	500,000

Footnote:

Of the above, 160,000,000 (Previous year ended March 31, 2010: 50,000) shares are held by the IL&FS Transportation Networks Limited, being the Holding Company



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PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2011

SCHEDULE B : SECURED LOAN

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
- From Banks (Refer Schedule "H" Note 11)	2,650,100,000	-
Total	2,650,100,000	-



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PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

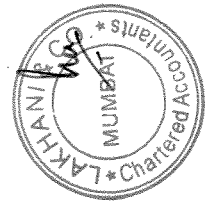
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2011

Schedule C : FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 01.04.2010	Additions	Deletions	As at 31.3.2011	As at 01.04.2010	For the year	Deletions	As at 31.3.2011	As at 31.03.2010
Vehicles	13,371,366	1,539,282	-	14,910,648	511,461	3,494,296	-	10,904,891	12,859,905
Data Processing Equipments	156,900	-	-	156,900	4,252	39,225	-	113,423	152,648
Total	13,528,266	1,539,282	-	15,067,548	515,713	3,533,521	-	11,018,314	
Previous Year	-	13,528,266	-	13,528,266	-	515,713	-	515,713	13,012,553
Capital Work In Progress (Refer Schedule "H" Note 10)								3,953,537,247	2,397,694,297
Total								3,964,555,561	2,410,706,850

Note:

Depreciation amounting to ₹ 3,533,521/- (Previous year ended ₹ 515,713/-) as shown above, being depreciation on assets used during the construction period is debited to Capital work in progress.



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

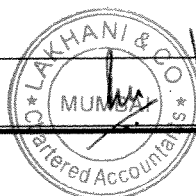
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2011

SCHEDULE D : CURRENT ASSETS AND LOANS & ADVANCES

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT ASSETS		
Cash and bank balances		
Cash in hand	1,317	6,836
Balance with scheduled banks		
In current accounts	4,853,146	17,847,835
In fixed deposits	435,000,000	15,000,000
Total cash and bank balances	439,854,463	32,854,671
Other Current Assets		
Interest accrued on bank deposits	473,119	2,590
Total other current assets	473,119	2,590
LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	684,828,430	438,459,237
Deposits	3,500	253,500
Advance payment of taxes (Net of provision)	702,118	-
Total loans & advances	685,534,048	438,712,737
Total Current Assets and Loans & Advances	1,125,861,630	471,569,998

SCHEDULE E : CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT LIABILITIES (Refer Schedule "H" Note 3)		
Sundry creditors	824,488,877	1,268,221,991
Other liabilities	22,995,652	15,351,221
Total current liabilities	847,484,529	1,283,573,212
PROVISIONS		
Provision for Tax (Net of advance)	-	185,041
Provision for Wealth Tax (Net of advance)	70,058	-
Total provisions	70,058	185,041
Total current liabilities & provisions	847,554,587	1,283,758,253



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

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

SCHEDULE F : ADMINISTRATIVE & GENERAL EXPENSES

	For the year ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
Legal & professional fees	122,475	61,112
Rates & taxes	2,650	3,454
Insurance	188	-
Bank charges	23,466	81
Registration expenses	4,440	2,600
Directors' fees	310,000	70,000
Travelling & Conveyance	31,666	-
Miscellaneous expenses (Refere Schedule "H" Note 2)	811,106	278,962
Total administrative & general expenses	1,305,991	416,209



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULE – ‘G’: SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Statements have been prepared under the historical cost convention in accordance with the Accounting Standards specified in The Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956. The Company follows the accrual basis of accounting.

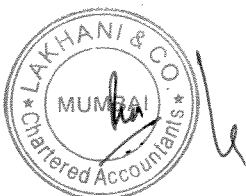
2. **Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements, the reported income and expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

3. **Fixed Assets and Depreciation:**

- a. Fixed assets other than project assets (Pune-Sholapur Road Development Project) are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.
- b. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Such as, delivery and handling costs, installation, legal services and consultancy services.
- c. Expenses incurred on the Pune-Sholapur Road Development Project include direct and attributable / allocated indirect expenses incurred for the construction of the same.
- d. 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.
- e. For depreciation on fixed assets other than Pune-Sholapur Road, the Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management’s estimate of useful life of such assets:

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



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

- f. Depreciation on the components of Pune-Sholapur Road is charged to the profit and loss account on a straight line basis over the period over which the respective component is expected to be overlaid or renewed.
- g. Depreciation on fixed assets other than on assets specified in Notes 3(c) and (d) is provided on the Written Down Value method using the rates prescribed by Schedule XIV of the Companies Act, 1956.
- h. All categories of assets costing less than ₹ 5,000 each, mobile phones and items of soft furnishing are depreciated fully in the year of capitalization.
- i. 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.

4. **Borrowing Cost**

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

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. Interest Income is recognised on a time proportion basis.

6. **Grant**

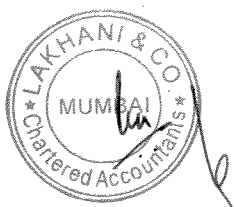
Grant receivable as Equity Support from the National Highway Authority of India under the Concession Agreement referred to in Note 1 of Schedule "H" is treated as Capital Reserve.

7. **Cash Flow Statement**

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

8. **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

9. Preliminary Expenditure

Preliminary expenses incurred on incorporation of the Company are written off in the year during which it is incurred.

10. Taxes on Income

Taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

11. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

12. Impairment of Assets

The carrying values of assets of the Company's cash-generating unit 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.



8

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

SCHEDULE 'H': NOTES TO ACCOUNTS

1. The Company has been set up with the main object of design engineering construction development finance operation and maintenance of 4 laning of Pune-Sholapur Section of NH-9 from KM 144.400 to KM 249.000 in the state of Maharashtra under NHDP phase III on Design Build Finance Operate and Transfer (DBFOT) basis. The Company has entered into a Concession Agreement on September 30, 2009 with the National Highways Authority of India (NHAI), under the terms of which, the Company has obtained a Concession to Design, Finance, Construct, Operate and Maintain the Project for a period of 20 years commencing from the appointed date including construction period of 910 days required for 4 laning of the Project. Grant of ₹ 285 Crores is receivable from NHAI as Equity support for the Project.
2. Miscellaneous expenses includes Auditor's Remuneration:

Particulars	Rupees	
	For the year ended 31 st March, 2011	For the period ended 31 st March, 2010
Statutory Audit Fees	75,000	75,000
Certification Fees	41,500	22,350
Fees for other services	345,000	141,250
Out of Pocket Expenditure	1,650	1,100
Service Tax on the above	53,886	24,691
Total	577,036	264,391

3. There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This information and that given in Schedule E "Current Liabilities" has been determined based on the details regarding the status of the suppliers obtained by the Company. This has been relied upon by the auditors.
4. Capital commitments:

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
	(Rupees)	(Rupees)
Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances of)	8,153,393,315/-	9,207,450,000/-

5. Directors' Remuneration :

The Directors have been paid sitting fees for the Board and Committee meetings attended by them. Further, no remuneration has been paid by the Company to the Manager appointed under section 269 of the Companies Act, 1956.



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

6. Segment Reporting:

The Company is engaged in infrastructure business and is a Special Purpose Entity formed for the specific purpose detailed in note no.1 above and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 – “Segment Reporting” have not been made.

7. Related Party Disclosures:

Disclosures as required by the Accounting Standard (AS) 18 on “Related Party Disclosures” are made below:

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

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited (IL&FS)
Holding Company:	IL&FS Transportation Networks Limited (ITNL)
Fellow Subsidiaries: (with whom there have been transactions during the year)	IL&FS Trust Company Limited (ITCL)
	IL&FS Financial Services Limited (IFIN)

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

Nature of Transaction	<i>Rupees</i>		
	ITNL	ITCL	IFIN
Road Development Cost paid	1,008,365,472 (-)	-	-
Advance towards equity received	-	-	-
Project Management Fees paid	(1,599,999,400)	-	-
Project Development Fees paid	349,640,004 (509,136,667)	-	-
Mobilisation Advance Paid	-	-	-
Short Term Loan given	(1,702,992,000)	-	-
Interest earned on Short Term Loan given	-	-	-
Repayment of Short term Loan given	(3,348,219)	-	-
Receipt of Accrued Interest on Loan Given	-	-	-
Security Trusteeship Fees paid	(1,010,000,000)	-	-
Debt Syndication Fees paid	-	551,500 (2,085,123)	-
	-	-	-
	(3,013,397)	-	-
	-	-	-
	(-)	-	-
	-	-	(105,632,104)

Note:

1. Reimbursement of cost is not included above.
2. Figures in the brackets relate to for the period ended 31st March 2010.



PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

(C) Balances outstanding as at 31st March, 2011:

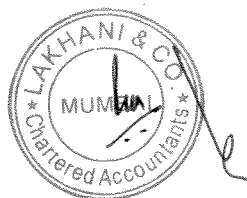
Particulars	<i>Rupees</i>		
	ITNL	ITCL	IFIN
Current Liability Payable (Net)	-289,252 (-457,282)	-	-
Project Management & Development Fees Payable	-	-	-
Road Development Cost Payable	(1,169,365,800)	(-)	(-)
Retention Money Payable	77,0548,542 (-)	-	-
Mobilisation Advance given	47,351,508 (-)	-	-
Advance towards investment	636,206,922 (438,450,000)	-	-
Equity share capital	-	-	-
Debt Syndication fees payable	(1,599,500,000)	(-)	(-)
Security trusteeship fees payable	1,600,000,000 (500,000)	-	-
	-	-	-
	(-)	(-)	(95,068,894)
	-	-	-
	(-)	(883,911)	(-)

Note: Figures in the brackets relate to period ended March 31, 2010.

8. Earnings per Share:

Particulars	Unit	For the year ended 31 st March, 2011	For the period ended 31 st March, 2010
Loss after tax	₹	(5,755,991)	(1,481,405)
Equity Shares outstanding	No.	160,000,000	50,000
Nominal Value of Equity Shares	₹	10	10
Basic Earnings per Share	₹	(0.04)	(29.63)
Weighted average number of equity shares outstanding	No	160,000,000	50,000
Weighted average number of equity shares to be issued	No	Nil	44,343,883
Total weighted average number of equity shares used to compute Diluted Earnings per Share	No	160,000,000	44,393,883
Diluted Earnings per Share	₹	(0.04)	(0.03)

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



[Handwritten Signature]

PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

10. Capital working in progress includes:

Particulars	As at 31 st March, 2010	For the year ended 31 st March, 2011	As at 31 st March, 2011
	Rupees	Rupees	Rupees
Road Development Cost	-	1,008,365,472	1,008,365,472
Expenses towards Borrowing			
- Interest expenses	-	193,075,127	193,075,127
- Other Finance charges	135,228,253	3,033,250	138,261,503
Project Development & Management Fees	2,212,128,667	349,640,004	2,561,768,671
Professional Fees	35,860,736	1,349,812	37,210,548
Stamping & Registration Exp	11,292,921	1,599,500	12,892,421
Independent Engineer Fees	-	5,792,139	5,792,139
Insurance Expenses	-	3,761,726	3,761,726
Other Misc. Expenses	6,367,596	381,802	6,749,398
Depreciation on Other fixed Assets	515,713	3,533,521	4,049,234
Sub Total (A)	2,401,393,886	1,570,532,353	3,971,926,239
Less: Misc. Income			
Interest on Bank deposit (Tax deducted at source ₹ 1,468,159/- for the year ended March 31, 2011 [previous year ended March 31, 2010 ₹ 35,137/-])	351,370	14,689,403	15,040,773
Interest on Loan given (Tax deducted at source ₹ NIL for the year ended March 31, 2011 [previous year ended March 31, 2010 ₹ 334,822/-])	3,348,219	-	3,348,219
Sub Total (B)	3,699,589	14,689,403	18,388,992
Grand Total (A-B)	2,397,694,297	1,555,842,950	3,953,537,247

11. Secured Loans:

Term loans from banks are secured by hypothecation of:

- (a) All movable, tangible and intangible assets other than the Project Assets;
- (b) All the monies lying in Escrow Account into which all the investments in the Project and all Project revenues, Receivables, Cash and insurance proceeds in Project accounts, Debt Service Reserve Account and any other bank accounts relating to/connected with the Project and all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in, to, under and in respect thereof and all monies including all cash flows and receivables and all proceeds arising from / in connection with the Project and all insurance proceeds payable into the said accounts, which have been/are deposited / credited / lying therein, all investments, assets, instruments and securities which represent amounts in the said accounts,




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PUNE SHOLAPUR ROAD DEVELOPMENT COMPANY LIMITED

both present and future, provided such charge over the Escrow Account shall only be to the extent permissible as per the water fall of priorities specified in the Concession Agreement and Escrow Agreement.

- (c) All contractual rights, assignment rights, applicable permits, title, interest, benefits, claims and demands whatsoever of the Borrowers in, to under and or in respect of all the Project Agreements including agreements, contracts, indemnities, guarantees, and all other documents/writings in respect of the Project and all licences, security, permits, approvals and consents in respect of the Project which are now executed or hereafter to be executed and delivered by the Borrower, including, without limitation, the right to compel performance thereunder, and to be substituted for the Borrower therein, and to commence and conduct either in the name of the Borrower or in its own name or otherwise any proceedings against any Person in respect of any breach of, the Project Agreements, including without limitation, rights to recover payments and/or collect any receivables pertaining thereto, and the right to claim the benefits of all rights, entitlements, claims and powers of the Borrower thereunder and enforce the same, including any claims of the Borrower under or in any proceedings against any person(s) in connection therewith; and together with the right to further assign any of the Project Agreements and/or any rights thereunder provided such assignment is limited to and to arise to the extent provided under Substitution Agreement.
- (d) All rights under project guarantees obtained pursuant to construction, development contract or operations contract if any relating to the project provided such assignment shall be limited to and to arise to the extent provided under the Substitution Agreement.
12. In compliance with the clause 9 of Concession Agreement the Company has provided as on 24.02.2011 inland bank guarantee of Axis bank Ltd amounting to ₹ 41.75 Crores in favour of the National Highways Authority of India for due and faithful performance of its obligation, for a period of one year i.e. expiring as on 23.2.2012.
13. The matter relating to Wild Life clearance for the project area is under consideration before the Honourable Supreme Court of India. The Management is of the opinion that the final clearance shall be granted.
14. Figures for the previous period have been regrouped and reclassified wherever necessary to conform the classification of the current year.
15. Previous year figures are for the period of August 21, 2009 to March 31, 2010 and hence not comparable.

**As per the report of even date
For Lakhani & Co.
Chartered Accountants**


Parag Modi
Partner
M.No: 114105
Mumbai
Date: 19/4/2011



For and on behalf of the Board


Director


Director


Manager