

CHENANI NASHRI TUNNELWAY LIMITED

FINANCIAL STATEMENT

2014-15

INDEPENDENT AUDITOR'S REPORT

To The Members of
Chenani Nashri Tunnelway Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Chenani Nashri Tunnelway Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

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 of 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

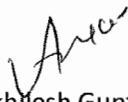
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
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 accounts
 - 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 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 statement- Refer note 13 to 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 Luthra & Luthra
Chartered Accountants
FRN: 002081N


Akhlesh Gupta
Partner
M.No: 89909



Place: Mumbai
Date: April 27, 2015

ANNEXURE TO THE AUDITORS' REPORT

(Statement on the matters specified in Companies (Auditor's Report) Order, 2015)

1. a. The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
2. Clause (ii) of the order is not applicable to the Company.
3. In our opinion and according to the information and explanation 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 189 of the Companies Act 2013. Consequently, requirement of clauses (iiia) and (iiib) of the paragraph 3 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. We have not observed any continuing failure on the part of the company to correct major weakness in internal control system.
5. According to the information and explanations given to us the company has not accepted deposits.
6. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 148(1) of the Companies Act, 2013. On the basis of certificate from the cost accountants certifying the maintenance of cost records, we are of the opinion that prima-facia, the Company has made and maintained the same to the extent applicable. We have broadly reviewed the books of account and records maintained by the Company. We have, however, not made detailed examination of these records with the view to determine that whether they are accurate and complete.
7. a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities during the year.

There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

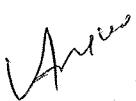


- b. According to the information and explanation given to us, there is no due on account of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute other than as given below:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending
Income tax	Income tax	Rs. 40,83,750	FY 2011-12	The Company is in process to file an Appeal with CIT(A).
Income tax	Income tax	Rs. 146,010	FY 2010-11	CIT(A)

- c. According to the information and explanation given to us, no amount is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
8. Clause (viii) of the order is not applicable to the Company
9. In our opinion and as per the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
10. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
11. In our opinion and according to the information and explanation given to us, the Company has applied the term loan for the purpose for which the loan was obtained.
12. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.

For Luthra & Luthra
Chartered Accountants
FRN: 002081N


Akhilesh Gupta
Partner
M.No: 89909

Place: Mumbai
Date: April 27, 2015



CHENANI NASHRI TUNNELWAY LIMITED

Balance Sheet As At March 31, 2015

	Particulars	Note	As At		As At	
			March 31, 2015		March 31, 2014	
I	EQUITY AND LIABILITIES					
1	SHAREHOLDERS' FUNDS					
	(a) Share capital	2	3,720,000,000		3,720,000,000	
	(b) Reserves and surplus	3	(52,411,339)	3,667,588,661	(47,786,392)	3,672,213,608
2	NON-CURRENT LIABILITIES					
	(a) Long-term borrowings	4	27,957,800,000		22,952,000,000	
	(b) Other long term liabilities	5	426,514,541	28,384,314,541	313,853,377	23,265,853,377
3	CURRENT LIABILITIES					
	(a) Short-term borrowings	6	1,080,000,000		-	
	(b) Trade payables	7	161,365,855		442,564,548	
	(c) Other current liabilities	8	109,390,284	1,350,756,139	28,381,909	470,946,457
	TOTAL			33,402,659,341		27,409,013,442
II	ASSETS					
1	NON CURRENT ASSETS					
	(a) Fixed assets	9				
	(i) Tangible assets		1,462,281		1,462,281	
	(ii) Capital work-in-progress		31,979,040,720	31,980,503,001	26,051,053,176	26,052,515,457
	(b) Long-term loans and advances	10		1,251,176,796		1,142,756,918
2	CURRENT ASSETS					
	(a) Cash and cash equivalents	11	152,754,037		198,041,133	
	(b) Short-term loans and advances	12	18,225,507	170,979,544	15,699,934	213,741,067
	TOTAL			33,402,659,341		27,409,013,442

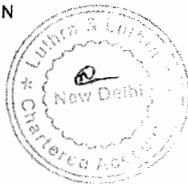
Notes 1 to 20 form part of the financial statements.

As per our Report of even date

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

Akhil Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: April 27, 2015



For and on behalf of the Board

[Signature]
Director

[Signature]
Director

[Signature]
Chief Financial Officer

[Signature]
Manager

Statement of Profit and Loss for the year Ended March 31, 2015

		₹	
Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
I Revenue from operations		-	-
II Other income	14	-	381,613
III Total revenue (I + II)		-	381,613
IV Expenses			
Other Expenses	15	2,024,947	2,154,250
Total expenses		2,024,947	2,154,250
V Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)		(2,024,947)	(1,792,637)
VI Add / (Less) : Exceptional items		-	-
VII Profit/ (Loss) before extraordinary items and tax (V-VI)		(2,024,947)	(1,792,637)
VIII Add / (Less) : Extraordinary items		-	-
IX Profit/ (Loss) before taxation (VII-VIII)		(2,024,947)	(1,792,637)
X Tax expense:			
(1) Current tax		(2,600,000)	(1,800,000)
(2) Deferred tax		-	-
Total tax expenses (X)		(2,600,000)	(1,800,000)
XI Profit/ (Loss) for the year (IX-X)		(4,624,947)	(3,592,637)
Earnings per equity share (Face value per share Rupees 10/-):	16		
(1) Basic		(0.01)	(0.01)
(2) Diluted		(0.01)	(0.01)

Notes 1 to 20 form part of the financial statements.

As per our Report of even date

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

Akhilesh Gupta
Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: April 27, 2015



For and on behalf of the Board

Director
Director

Director
Director

Chief Financial Officer
Chief Financial Officer

Manager
Manager

CHENANI NASHRI TUNNELWAY LIMITED

Cash Flow Statement for the year Ended March 31, 2015

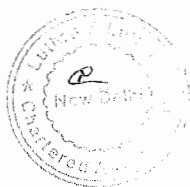
		Year ended 31-Mar-15	Year ended 31-Mar-14
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit/ (Loss) Before Taxes		(2,024,947)	(1,792,637)
Adjustments for :-			(361,613)
other Income		-	
Operating profit/ (Loss) before Working Capital Changes		(2,024,947)	(2,154,250)
Adjustments changes in working capital:			
Decrease/ (Increase) in other current, Other Non-Current assets & Trade Receivables		(94,551)	280,002
(Decrease)/ Increase in Other Current, Other Non-Current Liabilities & Trade Payables		(2,119,498)	(1,874,248)
Cash Generated from Operating Activities		(4,325,268)	(2,912,836)
Taxes paid (net of refund)		(4,325,268)	(2,912,836)
NET CASH GENERATED/ (USED) IN OPERATING ACTIVITIES	A	(6,444,766)	(4,787,084)
(B) CASH FLOW FROM INVESTING ACTIVITIES			
(Increase) / decrease in Loans & advances related to Investment activities		(109,125,632)	485,200,777
Increase / (decrease) in payables related to Investment activities		(87,529,154)	(947,482,750)
Capital Work In progress		(5,927,987,544)	(6,382,490,295)
other Income		-	361,613
NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES	B	(6,124,642,330)	(6,844,410,655)
(C) CASH FROM FINANCING ACTIVITIES			
Proceeds from Long term Borrowings		5,005,800,000	7,019,500,000
Proceeds from Short term loans		1,080,000,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	C	6,085,800,000	7,019,500,000
(D) Net Increase/ (Decrease) in Cash and Cash Equivalents	(A+B+C)	(45,287,096)	170,302,261
Cash and Cash Equivalent at the beginning of the year		198,041,133	27,738,872
Cash and Cash Equivalent at the end of the year		152,754,037	198,041,133
Net Increase / (Decrease) in Cash & Cash Equivalents		(45,287,096)	170,302,261
Notes:			
Components of Cash & Cash Equivalent			
Cash on Hand		3,903	7,860
Cheques on Hand		-	-
Balance with Scheduled Banks - Current Accounts		152,750,134	198,033,273
Balance with Scheduled Banks in term deposits (maturity less than 3 months)		152,754,037	198,041,133
Fixed deposits placed for periods exceeding 3 months		-	-
Cash and Cash Equivalents as per Balance Sheet		152,754,037	198,041,133

Notes 1 to 20 form part of the financial statements.

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

Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: April 27, 2015



For and on behalf of the Board

[Signature]
Director

[Signature]
Director

[Signature]
Chief Financial Officer

[Signature]
Manager

CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 1 - Significant Accounting Policies

I Background

The Company was incorporated under the Companies Act 1956 on June 02, 2010. The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement (CA) on June 29, 2010 with The National Highways Authority of India (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 commencing from the 23rd May 2011 (the 'Appointed date').

II Basis of Accounting

The financial statement is prepared in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards as per section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014

III Use of estimates

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

IV Revenue recognition

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

V Depreciation & Amortisation

Tangible fixed assets acquired by the Company 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:

As per notification dated, March 26, 2014 issued by the Ministry of Corporate Affairs, Schedule II of the Companies Act 2013 comes into effect from April 1, 2014 which prescribes the useful life of depreciable assets. The Company has adopted the useful life prescribed under the Schedule II of the Companies Act 2013. Also, with effect from April 1, 2014 the Company has decided to change the policy retrospectively for charging depreciation on the basis of Straight Line Method in place of Written Down Method other than those specified otherwise. Accordingly the Company has reinstated its policy for charging depreciation with effect from April 1, 2014 which is as below:

- (i) Assets purchased on or after April 1, 2014 are depreciated on Straight Line Method, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para (ii) below
- (ii) 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 the Management's estimate
 - (a) Data Processing Equipment – Server and Networking equipment are depreciated over a period of 4 years
 - (b) Mobile Phones and Ipad / Tablets are fully depreciated in the year of purchase
 - (c) Specialised office equipment's are depreciated on Straight Line Method over a period of three years
 - (d) Cars purchased by the company for employees, are depreciated over a period of five years
 - (e) Assets provided to employees are depreciated over a period of three years
 - (f) Leasehold improvement costs are capitalised and amortised over the period of lease agreement
 - (g) All categories of assets costing less than Rs. 5,000 each are fully depreciated in the year of purchase.
 - (h) The residual value of all the assets is retained at Rs. 1/- each



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

Note 1 - Significant Accounting Policies

VI Fixed Assets

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

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

VII Impairment of Assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

VIII Borrowing Cost

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

IX Preliminary Expenditure

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

X Accounting for Taxes on Income

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

XI Provisions, Contingent Liabilities and Assets

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

XII Classification of Current / Non current Assets and Liabilities

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

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

All other assets are classified as Non-current.

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

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

All other liabilities are classified as Non-current.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 1 - Significant Accounting Policies

XIII Cash Flow Statement

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

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

XIV Earnings per Share (EPS)

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

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

XV Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevalent at the date of transaction. At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalent at the year end exchange rate. All the exchange difference on settlement and conversion of foreign currency transaction are included in the Statement of Profit and Loss.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 2: Share capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹	Number	₹
Authorised				
Equity Shares of Rupees 10/- each	372,000,000	3,720,000,000	372,000,000	3,720,000,000
Issued				
Equity Shares of Rupees 10/- each	372,000,000	3,720,000,000	372,000,000	3,720,000,000
Subscribed and Paid up				
Equity Shares of Rupees 10/- each fully paid (refer foot note no. I, ii, iii and iv)	372,000,000	3,720,000,000	372,000,000	3,720,000,000
Total	372,000,000	3,720,000,000	372,000,000	3,720,000,000

Foot Notes:

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

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	372,000,000	3,720,000,000	372,000,000	3,720,000,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	372,000,000	3,720,000,000	372,000,000	3,720,000,000

iii. Shareholding more than 5% shares :

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited & it's Nominees	372,000,000	100%	372,000,000	100%
Total	372,000,000	100%	372,000,000	100%

iv. Shares held by holding company :

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



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 3: Reserves and surplus

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
Surplus / (Deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	(47,786,392)		(44,193,755)	
(+) Profit/ (Loss) for the current year	(4,624,947)	(52,411,339)	(3,592,637)	(47,786,392)
Total		(52,411,339)		(47,786,392)



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 4: Long-term borrowings

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Term Loans				
(i) Secured				
From banks (refer foot note no. i)		27,957,800,000		22,952,000,000
Total		27,957,800,000		22,952,000,000

Foot Notes:

(I) Security for Senior & Sub Debt Facility:

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

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

f) an assignment by way of security:

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

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

Terms of Payments:

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

Repayment Schedule:

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

Year	Senior Debts	Sub Debts
September 2016 to March 2017	1,169,700,000	146,100,000
June 2017 to March 2018	1,732,200,000	216,400,000
June 2018 to March 2019	1,993,900,000	249,100,000
June 2019 to March 2020	2,175,400,000	272,000,000
June 2020 to March 2021	2,342,100,000	292,800,000
June 2021 to March 2022	2,514,600,000	314,400,000
June 2022 to March 2023	2,753,000,000	344,000,000
June 2023 to March 2024	2,817,600,000	352,000,000
June 2024 to March 2025	2,817,600,000	352,000,000
June 2025 to September 2025	9,443,900,000	1,181,200,000
	29,760,000,000	3,720,000,000



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 5: Other long term liabilities

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
Trade Payables Related Party		426,514,541		313,853,377
Total		426,514,541		313,853,377

Note 6: Short term borrowings

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
Short term loans Unsecured Related Party		1,080,000,000		-
Total		1,080,000,000		-

Note 7: Trade Payables

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
(A) Total outstanding dues to Micro Enterprises and small enterprises (Refer Footnote)		-		-
(B) Total outstanding dues other (A) above: Trade Payables Related Party		161,365,855		442,564,548
Total		161,365,855		442,564,548

Note 8: Other current liabilities

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Interest accrued but not due on borrowings		13,608,109		296,661
(b) Interest accrued and due on borrowings		1,672		-
(c) Statutory liabilities		91,725		9,705,579
(d) Expenses payable (Refer Footnote) Others Related		20,493,219 75,195,559		8,226,725 10,152,944
Total		109,390,284		28,381,909

Foot notes:

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



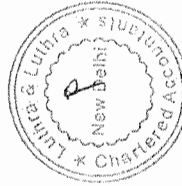
CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 9: Fixed assets

Particulars	Gross block		Accumulated depreciation		Net Block	
	Balance as at 1-Apr-2014	Balance as at 31-March-2015	Balance as at 1-Apr-2014	Depreciation charge for the year	Balance as at 31-March-2015	Balance as at 31-Mar-2014
a) Tangible assets						
Land	1,462,281	1,462,281	-	-	1,462,281	1,462,281
b) Capital work-in-progress	26,051,053,176	31,979,040,720 *	-	-	31,979,040,720	26,051,053,176
Gross Total	26,052,515,457	31,980,503,001	-	-	31,980,503,001	26,052,515,457
Previous Year 31-Mar-2014	19,670,025,161	6,382,490,296	-	-	26,052,515,457	-

* Including borrowing cost of Rs. 329,70,32,647/- (Previous year of Rs. 237,64,38,935/-) capitalised during the year.



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 10: Long-term loans and advances

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Security Deposits Unsecured, considered good		1,000		1,000
(b) Loans and advances to related parties Unsecured, considered good - Advance against Capital expenditure		1,164,503,723		1,116,238,165
(c) Other loans and advances Unsecured, considered good - Advance payment of taxes (net of provision) - Prepaid Expenses	2,350,843 84,321,230	86,672,073	434,075 26,083,678	26,517,753
Total		1,251,176,796		1,142,756,918

Note 11: Cash and cash equivalents

Particulars	As at March 31, 2015		As at March 31, 2014	
Cash and cash equivalents Cash on hand		3,903		7,860
Balance with Banks - on Escrow / Current accounts (Refer Footnote)	152,750,134		198,033,273	
Fixed Deposits placed for a period less than 3 months	-	152,754,037	-	198,041,133
Total		152,754,037		198,041,133

Footnote:

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

Note 12: Short-term loans and advances

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Other loans and advances Unsecured, considered good - Prepaid Expenses - Short term advance - Others - Labour welfare cess		17,521,348 688,839 15,320		15,699,934 - -
Total		18,225,507		15,699,934



CHENANI NASHRI TUNNELWAY LIMITED**Notes** forming part of the financial statements for the year ended March 31, 2015**Note 13: Contingent liabilities and capital commitments:****(A) Estimated amount of contracts remaining to be executed on capital and other account :**

Particulars (Name of party & description)		As at March 31, 2015	As at March 31, 2014
1	IL&FS Transportation Networks Limited, (Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances Rs. 116,45,03,723/- [previous year ended March 31, 2014 Rs. 111,62,38,165/-])	5,536,672,229	8,035,361,009

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

Particulars (Name of party & description)		As at March 31, 2015	As at March 31, 2014
1	(Base price Rs. 24,96,00,000/- (P.Y. Rs. 23,79,00,000/-), for base year 2017 (P.Y. 2011) escalated @ 5% p.a. upto the end of concession period)	5,345,956,046	6,521,847,507

(C) Contingent liabilities :

Particulars (Name of party & description)		As at March 31, 2015	As at March 31, 2014
1	Income Tax demands contested by the company	4,229,760	-



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 14: Other income

₹

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
Interest on Income Tax		-		361,613
		-		361,613



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 15: Other Expenses

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
Legal and consultation fees	957,938		873,606	
Rates and taxes	13,503		27,684	
Bank commission	27,662		24,034	
Donation	-		200,000	
Directors' fees	359,552		369,776	
General & Misc. Expenses	-		24,824	
Auditor's remuneration (refer foot note)	666,292	2,024,947	634,326	2,154,250
		2,024,947		2,154,250

Footnote

Disclosure of the amount paid/Payable to Auditors :

Particulars (Name of party & description)	Year ended	Year ended
	March 31, 2015	March 31, 2014
1 As an Auditor	393,260	393,260
2 Others Services	273,032	232,584
3 Reimbursement of expenses	-	8,482
Total	666,292	634,326



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 16: Earnings per equity share

Particulars	Unit	Year ended March 31, 2015	Year ended March 31, 2014
Profit / Loss after tax and minority interest	₹	(4,624,947)	(3,592,637)
Weighted number of Equity Shares outstanding	Numbers	372,000,000	372,000,000
Nominal Value of equity shares	₹	10	10.00
Basic Earnings per share	₹	(0.01)	(0.01)
Equity shares used to compute diluted earnings per share	Numbers	372,000,000	372,000,000
Diluted Earnings per share	₹	(0.01)	(0.01)

Note 17:

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

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

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Amount in Rs.	Amount in Euro	Amount in Rs.	Amount in Euro
Unhedged Expenses Payable	-	-	10,152,944	123,550

Note 18: Segment Reporting

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

Note 19: Previous period / Year

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



CHENANI NASHRI TUNNELWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 20: Related Party Disclosures as per the A5-18 on "Related Party Disclosure" in respect of the Company for the year ended March 31, 2015 are as follows:

Nature of Relationship	Name of Entity
Ultimate Holding Company :	Infrastructure Leasing & Financial Services Limited (IL&FS)
Holding Company :	IL&FS Transportation Networks Limited
Fellow Subsidiaries (with whom there have been transactions during the year)	IL&FS Trust Company Limited
	IL&FS Securities Services Limited
	Elsamex Portugal
	IL&FS Global Financial Services Pte. Limited
Key Management personnel :	Mr. Alteesh Mahajan (Manager)
	Mr. Gopaikrishnan Viswanathan (Managing Director)
	Mr. Mukund Sapre
	Mr. Ravi Sreehari
	Mr. Krishna Ghag
	Mr. Ajay Menon
	Mr. J S Rathore
	Mr. S C Mittal
	Mrs. Shaivali Parekh
	Mr. Prashant Agarwal - CFO

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

Account head	Name of Entity	31-Mar-15	31-Mar-14
Balances:			
Sundry Creditors	IL&FS Transportation Networks Limited	161,365,855	442,564,548
Share Capital	IL&FS Transportation Networks Limited	3,720,000,000	3,720,000,000
Mobilisation Advances	IL&FS Transportation Networks Limited	1,164,503,723	1,116,238,165
Retention Money	IL&FS Transportation Networks Limited	426,514,541	313,853,377
STL	IL&FS Transportation Networks Limited	1,080,000,000	-
Interest payable	IL&FS Transportation Networks Limited	13,608,109	-
Security Deposit	IL&FS Trust Company Limited	1,000	1,000
Balance Payable	Elsamex Portugal	-	10,152,944
Sundry Creditors	IL&FS Global Financial Services Pte. Limited	75,195,559	-
Prepaid Expenses	IL&FS Global Financial Services Pte. Limited	75,195,559	-
Account head			
Transactions:			
Mobilisation Advances Recovered	IL&FS Transportation Networks Limited	951,734,445	466,644,904
Professional Fees	IL&FS Transportation Networks Limited	95,000,000	-
Project Management Fees	IL&FS Transportation Networks Limited	197,199,996	197,199,996
Milestone Payment	IL&FS Transportation Networks Limited	2,253,223,226	3,688,439,098
Advance Given	IL&FS Transportation Networks Limited	1,000,000,000	-
Short term loans	IL&FS Transportation Networks Limited	1,080,000,000	-
Interest on STL	IL&FS Transportation Networks Limited	15,120,123	-
Deputation Cost	IL&FS Transportation Networks Limited	1,044,627	1,191,395
Security Trustee Fees	IL&FS Trust Company Limited	674,160	674,160
Professional Fees	IL&FS Securities Services Limited	18,654	22,972
Professional Fees	Elsamex Portugal	-	18,536,938
Professional Fees	IL&FS Global Financial Services Pte. Limited	75,195,559	-
Sitting Fees	Gopaikrishnan Viswanathan	22,472	60,000
Director Sitting Fees	Mukund Sapre	67,416	80,000
Director Sitting Fees	Ravi Sreehari	-	10,000
Director Sitting Fees	Krishna Ghag	78,652	80,000
Director Sitting Fees	Ajay Menon	89,888	60,000
Director Sitting Fees	J S Rathore	44,944	30,000
Director Sitting Fees	S C Mittal	33,708	30,000
Invitee Sitting Fees	S C Mittal	44,944	-
Director Sitting Fees	Shaivali Parekh	22,472	-

Footnote:

(1) Reimbursement of cost is not included above.

(2) Only those fellow subsidiaries are disclosed above with whom there have been transactions during the year.

As per our Report of even date

For LUTHRA & LUTHRA

Chartered Accountants

Firm Registration No. 002081N

For and on behalf of the Board

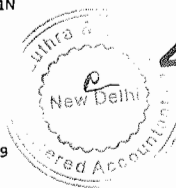
Akhilesh Gupta

Partner

Membership Number : 89909

Place: Mumbai

Date: April 27, 2015



Director: *[Signature]*
 Director: *[Signature]*
 Chief Financial Officer: *[Signature]*
 Manager: *[Signature]*