SHELF PROSPECTUS
January 9, 2014

NATIONAL HIGHWAYS AUTHORITY OF INDIA

(An Autonomous Body under the Ministry of Road Transport & Highways, Government of India)
(Constituted on June 15, 1989 by an Act of Parliament - The National Highways Authority of India Act, 1988)

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PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER" OR "AUTHORITY") OF TAX FREE, SECURED, REDEEMABLE, NON CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10 (15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") NOT EXCEEDING AN AGGREGATE AMOUNT OF ₹ 3,69,840* LAKHS ("SHELF LIMIT") BY WAY OF ISSUANCE OF BONDS IN ONE OR MORE TRANCHES IN THE FISCAL 2014 (EACH "TRANCHE ISSUE", AND TOGETHER ALL TRANCHE ISSUES UP TO THE SHELF LIMIT, "ISSUE"). EACH TRANCHE ISSUE WILL BE OFFERED BY WAY OF A TRANCHE PROSPECTUS CONTAINING, INTER ALIA, THE TERMS AND CONDITIONS OF SUCH TRANCHE ISSUE ("TRANCHE PROSPECTUS"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS OF THE ISSUE. THE SHELF PROSPECTUS TOGETHER WITH THE RELEVANT TRANCHE PROSPECTUS FOR A SPECIFIC TRANCHE ISSUE SHALL CONSTITUTE THE "PROSPECTUS".

**In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus (es).The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹ 5,00,000 lakhs*

The Issue (and, for the avoidance of doubt, each Tranche Issue) is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("**SEBI Debt Regulations**") and CBDT Notification No. 61/2013. F. No. 178/37/2013 - (ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961, as amended.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. **Investors are advised to refer to section "Risk Factors" in this Shelf Prospectus and "Recent Developments" in the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) or any stock exchange in India.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Shelf Prospectus and the relevant Tranche Prospectus contains and will contain all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Shelf Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect at the time of relevant Tranche Prospectus.

CREDIT RATINGS

The Bonds proposed to be issued by the Issuer have been assigned a rating of "CRISIL AAA/Stable" vide letter no. VK/NHAI/SN/26759 dated December 16, 2013 by CRISIL Limited. ("CRISIL") and "CARE AAA" by Credit Analysis and Research Limited ("CARE") vide their letter dated December 19, 2013. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Further, the Bonds proposed to be issued by the Issuer have been assigned a rating of "BWR AAA with Stable Outlook" by Brickwork Ratings India Pvt. Ltd. ("BRICKWORK") vide its letter no. BWR/BNG/RL/2013-14/NS/0269 dated December 24, 2013. Instruments with 'BWR AAA' rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For further details, please refer to Appendix III of this Shelf Prospectus, for rationale for the above ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated December 27, 2013 was filed on December 31, 2013, with the BSE Limited ("BSE") ("Designated Stock Exchange") and National Stock Exchange of India Limited ("NSE") pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days (i.e. until 5 P.M. on January 7, 2014).

LISTING

The Bonds are proposed to be listed on the BSE and NSE. The Designated Stock Exchange for the Issue is BSE. We have received in-principle approval from BSE and NSE vide their letters no. DCS/SP/PI-BOND/17/13-14 and NSE/LIST/226708-U respectively, both dated January 7, 2014.

LEAD MANAGER TO THE ISSUE

EDELWEISS FINANCIAL SERVICES LIMITED 14th Floor, Edelweiss House, Off CST Road, Kalina, Mumbai 400 098 Tel: +91 22 4009 4400, Facsimile: +91 22 4086 3610; Email: Nhai.tfbonds@edelweissfin.com Investor Grievance Email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Mr. Sameer Gaud / Mr. Umang Poddar Compliance Officer: Mr. B. Renganathan SEBI Registration No.: INM0000010650	**A. K. CAPITAL SERVICES LIMITED** 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel: +91 22 6754 6500/ 6634 9300; Facsimile: +91 22 6610 0594; Email: nhaitfbonds13@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Ms. Akshata Tambe/ Mr.Lokesh Singhi Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411	**AXIS CAPITAL LIMITED** 1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai- 400025 Tel: +91 22 4325 2525 Facsimile: +91 22 4325 3000 Email: nhaitaxfree@axiscap.in Website: www.axiscapital.co.in Investor Grievance Email: complaints@axiscap.in Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029	**ICICI SECURITIES LIMITED** ICICI Centre, H.T. Parekh Marg, Churchgate Mumbai 400020, India Tel: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email: nhai.fy2014@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr.Mangesh Ghogle/ Mr.Gaurav Goyal Compliance Officer: Mr.Subir Saha SEBI Registration No.: INM000011179

REGISTRAR TO THE ISSUE	BOND TRUSTEE**
KARVY COMPUTERSHARE PRIVATE LIMITED Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081 Toll Free No.1-800-3454001; Tel: +91 40 4465 5000; Fascimile: +91 40 2333 1551 Email: einward.ris@karvy.com Investor Grievance Email: nhai.bond@karvy.com Website: http:\\karisma.karvy.com; Contact Person: Mr.M.Murali Krishna SEBI Registration No.: INR000000221	**SBICAP TRUSTEE COMPANY LIMITED** Apeejay House, 6th Floor, 3, Dinshaw Wachha Road, Churchgate Mumbai 400 020 Tel: +91 4302 5555 Facsimile: +91 22 4302 5500 Email:corporate@sbicaptrustee.com; Investor Grievance Email: investor.cell@sbicaptrustee.com; Website: www.sbicaptrustee.com Contact Person/Compliance Officer: Ajit Joshi SEBI Registration No.: IND000000536

ISSUE PROGRAMME#

ISSUE OPENS ON [●]	ISSUE CLOSES ON [●]

 # The Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension as may be decided by the Board of Members or the Bond Committee.. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.

*** SBICAP Trustee Company Limited has by its letter no. 2903/STCL/DT/2013-14 dated December 24, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.*

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Shelf Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

NHAI Related Terms

TERM	DESCRIPTION
"Issuer", "NHAI", "Authority", "We", or "us", "our"	National Highways Authority of India, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the National Highways Authority of India Act, 1988 having a perpetual succession and common seal
Board of Members/Board/ Members/ Members of the Board	Members of the Authority
Head Office	Head office of National Highways Authority of India situated at G – 5 & 6, Sector 10, Dwarka, New Delhi – 110 075, India
SPV/SPVs/Special Purpose Vehicle	SPV/SPVs or Special Purpose Vehicle shall mean jointly or individually, all those SPVs of the Issuer as further described in the Chapter on History, Main Objects and Certain Corporate Matters
Subsidiaries	SPVs wherein shareholding of more than 50% is held by NHAI, namely, (i) Ahmedabad-Vadodara Expressway Company Limited, (ii) Mumbai-JNPT Port Road Company Limited, (iii) Mormugao Port Road Company Limited, (iv) Vishakhapatnam Port Road Company Limited, (v) Calcutta-Haldia Port Road Company Limited, (vi) Cochin Port Road Company Limited, (vii) Tuticorin Port Road Company Limited, (viii) Paradip Port Road Company Limited, (ix) New Mangalore Port Road Company Limited, (x) Moradabad Toll Road Company Limited (xi) Indian Highways Management Company Limited, all incorporated as Public Limited Companies under the Companies Act, 1956

Issue related terms

TERM	DESCRIPTION
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Bonds to the successful Applicants in relation to any Tranche Issue
Allottee(s)	Successful Applicant(s) to whom Bonds for any Tranche Issue have been allotted pursuant to the Issue either in full or in part.
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Applicant/Investor	Any person who applies for Allotment of Bonds pursuant to the terms of the Prospectus and Application Form for any Tranche Issue
Application	Applicant's offer to subscribe to Bonds and which will be considered as the application for Allotment of Bonds pursuant to the terms of the Prospectus for any Tranche Issue
Application Amount	The aggregate value of the Bonds applied for by the Applicant, as indicated in the Application Form for any Tranche Issue
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to Bonds and which will be considered as the application for Allotment of Bonds pursuant to the terms of the Prospectus
Application Supported by Blocked Amount/ASBA/ ASBA Application	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form of an ASBA Applicant.

TERM	DESCRIPTION
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA mechanism.
Base Issue Size	The base issue size as specified in the respective Tranche Prospectus(es).
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which shall be described in "***Issue Procedure – Basis of Allotment***" as specified in the relevant Tranche Prospectus (es).
Bond Certificate(s)	Certificates issued to the Bondholder(s) pursuant to Allotment in case the Applicant has opted for physical Bonds or pursuant to rematerialisation of Bonds based on request from the Bondholder.
Bond Committee	The committee constituted through resolution by circulation dated November 13, 2013 by the Board of Members of the Issuer.
Bondholder(s)	Any person holding the Bonds and whose name appears on the list of beneficial owners list provided by the Depositories (in case of Bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by the Issuer or by the Registrars or by any such person authorized by the Issuer in this behalf (in case of Bonds held in physical form).
Bonds	Tax free secured redeemable non convertible Bonds of ₹ 1000 each in the nature of debentures having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by NHAI in accordance with the CBDT Notification and pursuant to the terms of the Prospectus.
Category I*	• Public Financial Institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. ** With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.*
Category II*	• Companies within the meaning of section 2(20) of the Companies Act, 2013; • Statutory bodies/corporations; • Cooperative banks; • Trusts including Public/ private /religious trusts; • Limited liability partnerships; • Regional rural banks and other legal entities incorporated in India and authorised to invest in the Bonds; and • Partnership firms in the name of partners. ** With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.*

TERM	DESCRIPTION
Category III	The following investors applying for an amount aggregating to above ₹10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Category IV	The following investors applying for an amount aggregating to upto and including ₹10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
CBDT Notification/ Notification	Notification No. 61/2013 F. No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by Section 10 (15)(iv)(h) of the Income Tax Act, 1961 (43 of 1961).
CDSL Agreement	Tripartite agreement dated November 22, 2013 among NHAI, Karvy Computershare Private Limited and CDSL for offering depository option to the Bondholders.
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue that are authorized to collect the Application Forms as per the Escrow Agreement entered into by us, Bankers to the Issue, Registrar and Lead Managers.
Consolidated Bond Certificate	In case of Bonds issued in physical form/rematerialised by the Bondholder, a single certificate will be issued to the Bondholder for the aggregate face value amount for each Series of Bonds allotted to him under the relevant Tranche Issue.
Consortium Members/ Members of the Consortium	In addition to the Lead Managers, Edelweiss Securities Limited and A. K. Stockmart Private Limited.
Credit Rating Agencies	For the present Issue, Credit Rating Agencies include CARE, CRISIL and BRICKWORK.
Debenture Trust Deed/ Bond Trust Deed	Bond Trust deed to be entered into between the Bond Trustee and NHAI.
Debenture Trustee/Bond Trustee/ Trustee	Trustees for the Bondholders in this case being SBICAP Trustee Company Limited.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of the Board of the Issuer or Bond committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Default	Defaults as listed in the section "***Terms of the Issue***" in the relevant Tranche Prospectus read with the Bond Trust Deed.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details, category, PAN etc. for printing on refund orders.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications, a list of which is available at *http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries* or such other website as may be prescribed by the SEBI from time to time.
Designated Date	The date on which Application Amount are transferred from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account, as appropriate, and the Registrar issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s)
Depository(ies)	NSDL and/or the CDSL
Designated Stock Exchange/ DSE	BSE

TERM	DESCRIPTION
Direct Online Application	Applications made through an online interface maintained by the Stock Exchanges enabling direct application by investors to a public issue of their debt securities with an online payment facility in terms of circular (No. CIR/IMD/DF-1/20/2012) dated July 27, 2012 issued by SEBI. This facility is available only for demat account holders who wish to hold the Bonds pursuant to the Issue in dematerialised form.
DP/Depository Participant	A depository participant as defined under the Depositories Act.
Draft Shelf Prospectus	The draft shelf prospectus dated December 27, 2013 filed by NHAI with the Designated Stock Exchange and NSE for public comments and with SEBI for informational purposes on December 31, 2013 in accordance with the provisions of SEBI Debt Regulations.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application for each Tranche Issue.
Escrow Agreement	Agreement dated January 9, 2014 entered into by the NHAI, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for each Tranche Issue for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Escrow Collection Bank/ Banker to the Issue	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Accounts and/or Public Issue Accounts and/or Refund Account(s) will be opened by the Issuer, in this case being Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, IndusInd Bank Limited and Syndicate Bank
Interest Payment Date/ Coupon Payment Date	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Issue	Public Issue of tax free, secured, redeemable, non convertible bonds of face value of ₹ 1000 each in the nature of debentures having tax benefits under the Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, not exceeding an aggregate amount of ₹ 3,69,840* lakhs, by way of issuance of Bonds in one or more Tranches in the Fiscal 2014. ** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es).The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹ 5,00,000 lakhs.*
Issue Period	The period between the Tranche Issue Opening Date and the Tranche Issue Closing Date (inclusive of both days) and during which Applicants can submit their Application Forms as specified in the respective Tranche Prospectus.
Lead Managers/Lead Managers to the Issue	Edelweiss Financial Services Limited, A. K. Capital Services Limited, ICICI Securities Limited and Axis Capital Limited.
Limited Review	Limited Review means review of the financials of NHAI from April 1, 2013 to September 30, 2013 by Garg Singla & Co., Chartered Accountants.
Market Lot	One Bond.
National Highway(s)	National highways means the highways specified in schedule of NH Act pursuant to a declaration to that affect being made by Central Government under Section 2 of NH Act.
NSDL Agreement	Tripartite agreement dated November 25, 2013 among NHAI, Karvy Computershare Private Limited and NSDL, executed for offering depository services to the Bondholders.
Prospectus	The Shelf Prospectus read with the Tranche Prospectus for the relevant Tranche Issue.

TERM	DESCRIPTION
Record Date	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as Record Date.
Redemption Amount/Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date
Redemption Date/Maturity Date	The date on which the Bonds will be redeemed as specified in the relevant Tranche Prospectus.
Refund Account	The account opened with the Refund Bank/ Refund Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Bank	ICICI Bank Limited
Registrar to the Issue or Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited.
Register of Bondholders	The register of Bondholders maintained by NHAI at its head office (or such other place as permitted by law) containing the particulars of the legal owners of the Bonds issued by NHAI held in physical form.
Registrar Agreement	Agreement dated December 20, 2013 entered into between NHAI and the Registrar to the Issue.
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issue(s) and the aggregate amount of bonds issued through the private placement route.
Security	The Bonds shall rank *pari passu inter-se*, and shall be secured by way of first pari passu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended offering services in relation to ASBA, a list of which is available on *http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries* or at such other website as may be prescribed by SEBI from time to time.
Series Bondholder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche Issue.
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number and as further stated to be an individual Series in the relevant Tranche Prospectus.
Shelf Limit	The total aggregate limit of the Issue being ₹ 3,69,840.00* lakhs to be issued by way of one or more Tranche Issues. ** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es).The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹5,00,000 lakhs.*
Shelf Prospectus	The shelf prospectus dated January 9, 2014 filed with the SEBI and Stock Exchanges after incorporation of the comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Stock Exchange(s)	BSE and NSE.

TERM	DESCRIPTION
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members.
Syndicate ASBA Application Locations	Application centers at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate and Trading Members shall accept ASBA Applications.
Syndicate or Members of the Syndicate	Collectively, the Lead Managers, the Consortium Members for the Issue, the sub-consortium members, brokers and sub-brokers.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate and/or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate or Trading Members and a list of which is available on *http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries* or at such other website as may be prescribed by SEBI from time to time.
Trading Member(s)	Individuals or companies registered with SEBI as "trading members" under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges, whose list is available on stock exchanges.
"Transaction Registration Slip" or "TRS"	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tranche Issue	Issue of Bonds as per the terms specified in a Tranche Prospectus.
Tranche Issue Closing Date/ Issue Closing Date	The date on which the Issue shall close for subscription and the prospective Applicants/Investors shall not be allowed to submit their Application Forms thereafter, as specified in the relevant Tranche Prospectus or such other date as may be decided by the Board Members/Bond Committee.
Tranche Issue Period/Issue Period	The period between the Issue Opening Date and Issue Closing Date inclusive of both days, during which the prospective Applicants may submit their Application Forms as specified in the relevant Tranche Prospectus.
Tranche Issue Opening Date	The date on which the Issue shall open for subscription and the prospective Applicants/Investors shall be allowed to submit their Application Forms as specified in the relevant Tranche Prospectus.
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue
Tripartite Agreements	The NSDL Agreement and the CDSL Agreement
Trustee Agreement/ Bond Trustee Agreement/ Debenture Trustee Agreement	The Agreement dated December 19, 2013 executed between Bond Trustee and the Issuer.
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in New Delhi or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Technical and Industry related terms

TERM	DESCRIPTION
BOT	Build Operate and Transfer
CAG/C&AG	Comptroller and Auditor General of India

TERM	DESCRIPTION
CGM	Chief General Manager
CMU	Corridor Management Unit
COD	Commercial Operation Date
DBFOT	Design Build Finance Operate and Transfer
DGM	Deputy General Manager
EoT	Extension of Time
EPC	Engineering Procurement & Construction
GM	General Manager
MCA	Model Concession Agreement
N.A.	Not Applicable
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Programme
NOC	No Objection Certificate
OMT	Operate Maintain and Transfer
PIU/PIUs	Project Implementation Unit(s)
PPP	Public Private Partnership
RFP	Request for Proposal
RFQ	Request for Qualification
RO	Regional Office of Authority
ROB	Rail/Road Over Bridge
RT&H	Road Transport and Highways
Toll/User Fee	Means the charge levied on and payable for a vehicle using the project highway or a part thereof in accordance with the Fee Notification

General and Conventional terms and Abbreviations

TERM	DESCRIPTION
Act/NHAI Act	National Highways Authority of India Act, 1988, as amended
ADB	Asian Development Bank
AS	Indian Accounting Standard as issued by ICAI
BSE	BSE Limited
BRICKWORK	Brickwork Ratings India Private Limited
CARE	Credit Analysis and Research Limited
CBDT	Central Board of Direct Taxes
CCEA	Cabinet Committee on Economic Affairs
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended (to the extent applicable)
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified *vide* notification dated September 12, 2013
CPI	Consumer Price Index
CRF Act	Central Road Fund Act, 2000
CRISIL	CRISIL Limited
Debt Application Circular	SEBI Circular No. CIR/IMD/DF-1/20/2012) dated July 27, 2012.
DP ID	Depository Participant's Identification
Depository/(ies)	NSDL and CDSL
DRR	Debenture Redemption Reserve
EPS	Earnings per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIDIC	Federation Internationale Des Ingenieurs – Conseils

TERM	DESCRIPTION
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FII(s)	Foreign Institutional Investors as defined in and registered with SEBI under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
FY/Fiscal Year	Financial year ending March 31
GoI/Government/Central Government/Union of India	Government of India
IAS	Indian Administrative Services
ICAI	Institute of Chartered Accountants of India
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended
IT	Information Technology
ISIN	International Securities Identification Number
Km/km	Kilometers
MoU	Memorandum of Understanding
3-MoF	Ministry of Finance, Government of India
MoRTH	Ministry of Road Transport and Highways
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
NH Act	National Highways Act, 1956
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax
PFI/Public Financial Institution	Public Financial Institution, as defined under sub-section 72 of Section 2 of the Companies Act, 2013
PSU	Public Sector Undertaking
₹/Rs./Rupees	Indian Rupees
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI Regulations	Rules, regulations, circulars or notifications issued by RBI
Retd.	Retired
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended
SEMBI Act, 1992	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended
TDS	Tax Deduction at Source
UNCITRAL	United Nation Commission on International Trade Law
$/USD	United States Dollar
WPI	Wholesale Price Index
JBIC	Japanese Board of Industry and Commerce
JV	Joint Venture

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

NHAI prepares its financial statements in Rupees in accordance with NHAI Act. Industry and market share data in this Shelf Prospectus are derived from the Government sources and by the Authority where applicable. Indian economic data in this Shelf Prospectus is derived from data of industry publications and governmental sources and other sources. Certain financial and statistical figures have been rounded to the nearest tenth of a decimal place.

Unless stated otherwise, the financial information used in this Shelf Prospectus is derived from NHAI's unconsolidated audited financial statements as of March 31 for the years ended 2013, 2012, 2011, 2010 and 2009 and limited review for the half year ended on September 30, 2013 prepared in accordance with applicable regulations, included in this Shelf Prospectus.

Market and Industry Data

Market and industry data used in this Shelf Prospectus, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable. Although NHAI believes that market data used in this Shelf Prospectus is reliable, it has not been independently verified and hence their accuracy and completeness cannot be guaranteed.

Exchange Rate

For the purpose of conversion of figures appearing in USD in this Shelf Prospectus, other than the financial information of the Issuer, the exchange rates for the previous five Fiscal as on March 31 and for the period ended December 31, 2013 for USD into Rupees are as follows:

Currency	Exchange Rates *(in ₹)*					
	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012^	March 31, 2013^^	December 31, 2013
USD*	50.95	45.14	44.65	51.16	54.39	61.90

** Source: www.rbi.org.in*
^March 31, 2012 was a trading holiday; hence, exchange rates for the last working day, i.e.March 30, 2012 have been used.
^^ March 31, 2013 was a trading holiday; hence, exchange rates for the last working day, i.e.March 28, 2013 have been used.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Growth prospects of the Indian infrastructure sector and related policy developments;
- General, political, economic, social and business conditions in Indian and other global markets;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Availability of adequate debt and Government funding at reasonable terms;
- Performance of the Indian capital markets;
- Changes in laws and regulations applicable to infrastructure industry in India, including the Government's budgetary allocation for the same.; and
- Other factors discussed in this Shelf Prospectus, including under "***Risk Factor***" on page 13 of this Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapter "***Risk Factor***" and "***Our Business***" on page 13 and 66 respectively, of this Shelf Prospectus. The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II - RISK FACTORS

*Prospective investors should carefully consider all the information in this Shelf Prospectus including all the risks and uncertainties described below and under the chapter **"Our Business"** on page 66 and under the section **"Financial Information"** as Appendix I of this Shelf Prospectus in addition to the other information contained in this Shelf Prospectus before making any investment decision in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on results of our operation and physical execution. If any of the following risks or other risks that are not currently known or are deemed immaterial at this time, actually occur, results of our operation could suffer, the trading price of the Bonds could decline and you may lose all or part of your redemption amounts and/or interest amounts. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The order of the risk factors appearing hereunder is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Prospective Investors should consult their tax, financial and legal advisors about the particular consequences of investment in the Bonds. Unless the context requires otherwise, the risk factors described below apply to us/our operations only.*

This Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Shelf Prospectus.

Potential Investors must rely on their own examination of NHAI and of this Issue, including the risks and uncertainties involved. Unless otherwise stated, our financial information used in this section is derived from our Reformatted Audited Financial Statements.

Internal risks

1. ***NHAI is presently involved in a number of civil proceedings, including arbitration and consumer cases. In the event these cases are decided against us or failure by us to adequately recover our claims against the other parties for payments, it may increase the construction cost of our projects.***

   NHAI is party to various legal proceedings pending at different levels of adjudication before various courts and tribunals. If any new developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face increase in cost of construction which could increase our expenditure for that particular project. There is no assurance that similar proceedings will not be decided against us in future and any adverse decision in such proceedings may have an adverse effect on our operations which could result in a larger outlay to meet our physical targets. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 110 of this Shelf Prospectus.

2. ***Our operations are significantly dependent on the funding received from the GoI and any delay or decrease in the funding plan by the GoI may adversely affect our operations.***

   Our operations are very capital intensive and any reduction in budgetary allocation of capital, funding or grants may materially affect our performance and asset generation capacity. Our operations could be materially and adversely affected if there are adverse changes in the policies of the GoI which affect the capital and grants made available to us for infusion into our operation. If the GoI funding to us reduces or if there is any downturn in the macroeconomic environment in India or in specific sectors, results of our operations and future physical performance could be materially and adversely affected. A large part of NHAI's funding derives from cess collected by GoI. The GoI has, under the Central Road Fund Act, 2000, created a non-lapsable dedicated fund for roads by levying cess on High-Speed Diesel and Petrol at the rate of ₹ 2.00 per litre out of which allocation is as under:

   For ₹ 1.50 out of ₹ 2.00 of the cess

   - 50% of the cess collected from Diesel is for rural roads.

   - Balance 50% cess from Diesel and the entire cess on Petrol, the allocation of funds for different categories of roads are as under:

- 57.5% for National Highways
- 12.5% for Road Over Bridges/Rail Over Bridges (to be constructed by Railways)
- 30% for Roads other than National Highways.

The balance cess at the rate of ₹ 0.50* per litre (levied in 2005-06) is allocated exclusively for National Highways.
*(*Source: http://indiabudget.nic.in/ub2005-06/bs/speecha.htm)*

Any adverse change in the pattern of allocation may reduce the capital availability to NHAI and hence materially affect future execution of projects.

3. Our operations are dependent on the policies of the Government, Central as well as State initiatives. Any lack of support in terms of regulatory initiatives will adversely affect our operations.

We believe that the future development of India's infrastructure is dependent on formulation and effective implementation of State and Central Government programs and policies that facilitate and encourage private sector investment in infrastructure projects in India. Many of these programs and policies are developing and evolving and their success will depend on whether they are properly designed to address the issues facing infrastructure development in India and also whether they are effectively implemented. Additionally, these programs will need continued support from stable and experienced regulatory regimes that not only encourage the continued movement of private capital into infrastructure development but also lead to increased competition, appropriate allocation of risk, transparency, effective dispute resolution and more efficient and cost-effective services to the end-consumer. Additionally, policies of the Government which mandate development in certain specific sectors, or areas, for instance rural, coastal, border, will affect our projects. In the event that Central and State Government initiatives and regulations in the infrastructure industry do not proceed in the desired direction, results of our operations could be materially affected.

4. Our operations may also get affected by an increase in prices of raw materials or shortages of raw materials which will lead to increase in the cost of construction of road projects.

Any change in broad economic parameters may affect the financial viability of some of our projects which are executed on the PPP/EPC mode which mainly rely on private sector participation. Further, the EPC contracts include provisions wherein the payment made to the contractors needs to be adjusted as per the market indices such as WPI/CPI. These adjustments may lead to further increase in per unit construction cost.

5. Our operations may also get affected due to inability to manage our growth which could disrupt our business and adversely affect cost of our project.

Our business has grown rapidly since we began our operations. We intend to continue to grow our operations, which could place significant demands on our operational, credit, financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important. Our future plan is dependent on our ability to gather Government and other funding for our growth. Adverse developments in the Government policy or the Indian economy, such as the increase in interest rates which affect private sector participation, may significantly increase our project costs and the overall cost of business. An inability to manage our growth effectively and failure to secure the required funding therefore on favourable terms, could have a material and adverse effect on cost of our projects and their physical execution.

6. Our operations are dependent on forecasting traffic volumes for the stretches of National Highways taken up as individual projects on which NHAI is directly or indirectly collecting Toll/User Fee by way of Toll Contracts. Any miscalculation or erroneous forecasting or lower actual traffic volume in future may affect capital contribution by GoI and consequently our physical execution may be adversely affected.

In some of our projects, User Fee generated from highway stretches tolled by NHAI is remitted to GoI and is received back by us in the form of capital which is a major contribution to our capital. Any material decrease between the actual traffic volume and the forecasted traffic volume on account of inaccurate forecasting or (any other reason which may cause a difference between actual and forecasts) may have a material adverse effect on our capital flows and physical performance.

During Fiscal 2013, NHAI has deposited an amount of ₹ 3,89,514.00 lakhs including toll revenue in the Consolidated Fund of India. All toll revenues depend on toll receipts and are affected by changes in traffic volumes. Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside our control, including:

- toll rates;
- fuel prices in India;
- the affordability of automobiles;
- the quality, convenience and travel time on alternate routes outside our network;
- the availability of alternate means of transportation, including rail networks and air transport;
- the level of commercial, industrial and residential development in areas served by our projects;
- growth of the Indian economy;
- adverse weather conditions; and
- seasonal holidays.

Revenue from toll receipts is affected by traffic volume and tariff rates, both of which are beyond our control. The User Fee structure is laid down under National Highways (Rate of Fee) Rules, 1997 and National Highways Fee (Determination of Rates and Collection) Rules, 2008 as amended and is uniformly applicable. In the event of significant decrease in traffic volumes on such stretches of National Highways, the effect of which cannot be quantified monetarily, we may experience a corresponding decrease in the ploughed back capital we receive from GoI, which may reduce our future execution capabilities. Further, any change in the applicable toll policies or other applicable laws which affects the category of vehicle, fuel, road safety etc. may lead to increase or decrease in the toll revenue and may affect our capital inflows thereby affecting our results of operations.

7. Leakage of traffic and toll collection may affect volume of collections and inflows which may in turn affect the ploughed back capital we receive from GoI and our future execution capabilities.

The toll receipts are primarily dependent on the integrity of toll collection systems and any leakage through toll evasion, fraud or technical faults in the same affects collections and inflows and may affect the ploughed back capital which we receive from the GoI, which will reduce our future execution capabilities.

If toll collection is not properly monitored, leakage may reduce toll revenue. Although we have systems in place to minimize leakage through fraud and pilfering, any significant failure by us to control leakage in toll collection systems, though not quantifiable monetarily, could have a material adverse effect on our operations and prospects. Further, any leakage in the traffic from the non access controlled stretches of National Highways, resulting in avoidance of payment of Toll/User Fee, may also adversely affect our operations.

8. Fluctuations in interest rate and exchange rate on our external borrowings may adversely affect our operations.

As on December 31, 2013, we have outstanding multilateral external borrowings of ₹ 64,136.18 lakhs from ADB, which carry floating rate of interest, for part financing of "Surat-Manor Tollway Project". Any adverse fluctuation in interest rate and exchange rate may increase the cost of our borrowings, thereby increasing cost of this project.

NHAI may raise further borrowings for funding various projects under NHDP and allied programmes. Any upsurge in domestic/international interest rates may have adverse impact on our cost of borrowings and projects.

For further information, please refer to chapter on "***Financial Indebtedness***" on page 108 of this Shelf Prospectus.

9. We do not own the logo. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.

We are an autonomous statutory body, and are the sole users of NHAI logo. We have a nationwide grassroots presence and are indentified by widespread usage of this logo. However, our logo is not registered and we may be exposed to litigation pertaining to usage of the same.

10. Our financial condition and physical performance could be materially affected, if we do not complete our projects as planned or if our projects experience delay.

There may be a delay in implementation or completion of projects or a change of scope, due to factors beyond our control or the control of the contractors/concessionaries like delays or failures to obtain necessary permits, or authorizations. Delays in the completion of a project may lead to cost overruns. Such delay in completion of the projects may delay the commencement of our toll collections thereby affecting our operations and physical performance.

Further, the GoI grants loan to us for some of our projects. Any delay in the completion of the projects would trigger the delay mechanism in the underlying contract and contractual repercussions will follow.

We have experienced time and cost overruns in the past. Hence, our operations and financials will get adversely affected due to delay in completion of the projects resulting in increase in the costs for concessionaire and in some situations delay in accrual of revenue to us.

11. Our business operations will be affected by shortcomings and failures in our internal processes and systems.

Our business is highly dependent on our ability to process and monitor a large number of projects. Our construction management, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of projects could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage.

Our ability to operate will depend in part on our ability to maintain and upgrade our contract management systems and policies on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our failure to maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our operations.

We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control including, for example, computer viruses or electrical or telecommunication service disruptions, which may result in a loss or liability to us.

12. We have certain contingent liabilities that may adversely affect our financial condition.

As on March 31, 2013 there were 162 arbitration cases and 84 court cases involving ₹ 14,002.59 lakhs pending against the NHAI. Further, NHAI has also filed 32 arbitration and 11 court cases against contractors/concessionaires involving ₹ 3,38,220.00 lakhs. NHAI has also arranged bank guarantee to the tune of ₹ 22,060 lakhs and fixed deposits of ₹ 12,712.00 lakhs as per various court orders. NHAI has issued letters of credits to the tune of ₹ 56,558.00 lakhs for payment of annuities. In furtherance to this, in accordance with the C&AG report the amount of contingent liability is understated due to non including of claims against NHAI in arbitration and legal cases by ₹ 1,07,456.00 lakhs.

Further the Delhi Development Authority ("DDA") has allotted three plots of lands on leashold basis to NHAI for construction of office building and staff quarters. These lease being perpetual in nature are not being amortised. As per the allotment letter, the premium paid to DDA is provisional pending the revision in rates. Demand on account of revision of rates, if any, is not raised by DDA. The office building and staff quarters at PIU Durgapur have been constructed on leashold land. Further, the contingent liability of NHAI in respect of total project cost pertaining to EPC contracts under implementation is ₹ 14,07,500.00 lakhs.

These contingent liabilities which if determined against us in future may impact our operation.

13. We are exposed to the risks associated with the non-performance of underlying assets/projects of the SPVs.

We have taken up development of port connectivity projects and expressway by setting up Special Purpose Vehicles (SPVs) wherein NHAI contributes upto 30% of the project cost as equity. Some of these SPVs also have equity participation by port trusts, State Governments or their representative entities. The SPVs also raise loans for financing the projects. SPVs are authorized to collect user fee on the developed stretches to cover repayment of debts and for meeting the costs of operations and maintenance.

Broadly, NHAI has twelve project specific SPVs (out of which one is a joint venture), each SPV has been formed with the specific intent for raising funds and development of a targeted area i.e. ports. SPVs are legal entities under the Companies Act having other shareholders. NHAI has shareholding which ranges from 41% to 100% in the various SPVs. NHAI's equity participation is exposed to the underlying business risk of non-performance of the SPV's assets, namely port connectivity roads and also to the business risk of non-conformity with the business decisions of the other members of the SPV's board since the SPV board comprises of other entities such as the Government and certain ports trusts. Since NHAI and its SPVs are separate legal entities, NHAI is subject to the business risks posed by the SPVs to the extent of NHAI's equity participation in the same.

14. Some of our SPVs have incurred losses during the last three financial years.

Some of our SPVs have incurred losses during the last three years, as tabulated below:

(₹ in lakhs)

S. No.	Name of SPV	Fiscal 2013	Fiscal 2012	Fiscal 2011
1.	Calcutta Haldia Port Road Company Limited	(3,473.51)*	(3,210.20)*	(837.24)*
2.	Cochin Port Road Company Limited	(1,505.13)	(1,985.72)	(711.90)*
3.	Moradabad Toll Road Company Limited.	(5,115.29)	(964.15)	(345.42)
4.	New Mangalore Port Road Company Limited	(101.39)*	(27.03)*	(14.45)*
5.	Paradip Port Road Company Limited	(4,326.80)	(5,453.41)	(2,735.33)
6.	Tuticorin Port Road Company Limited	(1,258.33)	(649.86)	188.38
7.	Vishakhapatnam Port Road Company Limited	181.38	(184.79)	(371.65)
8.	Ahmedabad Vadodara Expressway Company Limited	(33,742.87)	4,979.82	3,631.12
9.	Mormugao Port Road Company Limited	(183.16)*	(176.88)*	38.34*

**The SPVs were at pre-operational stage during these periods.*
Negative figures indicate [losses]

15. In the past, certain accounting standards have not been followed by us and the impact of which on our financial statements cannot be quantified. Any material change on account of that may impair our financial position.

We are not a company incorporated under Companies Act, and are not mandatorily required to follow AS as issued by ICAI. We have not followed certain accounting standards issued by ICAI and hence the auditors, while preparing their half yearly financial statements for the period ended September 30, 2013 have inserted requisite qualification in the audit report. The accounting standards which have not been followed for the year ended March 31, 2013 includes AS 15 – "Employee Benefits", AS 17 -

"Segment Reporting" and AS 21 - "Consolidated Financials Statements". However, the impact thereof on the unaudited financial result has not been ascertained which may materially affect our financial statements had the same been provided for.

Further, for Financial Year ending March 2010 & March 2009, some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as current or non-current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. Accordingly, the financial statement for the Financial Year ending March 2013, 2012 & 2011 may not be comparable with those of Financial Year ending 2010 and 2009.

16. Accounts for the half year ended on September 30, 2013 for NHAI have been subject to limited review and have not been audited. Audited performance may be materially different from the present results.

The accounts of the Authority and the subsidiaries are audited annually by CAG and the auditors appointed by CAG respectively, and they are not subject to any interim audit. But for the purpose of this Issue, half yearly accounts have been prepared by us and are subject to limited review by Garg Singla & Co., Chartered Accountants and have not been audited. The auditors have expressed an opinion on the unaudited limited review half yearly financial performance. However, the actual audited performance may be materially different from the limited review results.

17. Our projects under development are subject to construction, financing and operational risks.

Our operations risks comprise of project implementation risks and we are subject to this internal risk as the final product is only as viable as its implementation. This is because although the guidelines and the contractual framework for award of the BOT/DBFOT has been laid down quite well, the institutional mechanism for monitoring and enforcement of such projects/contracts is evolving. Such monitoring needs to address two phases of any contract, i.e. (a) the construction phase and (b) the operations phase. Presently, arrangements for regular monitoring during both the phases are in place and this is being done through Regional Offices and Project Implementation units of NHAI. A large area of internal risk which exists is the compliance with the conditions precedent in the Model Concession Agreements (**"MCA"**) as well as the following:

- Construction of the project as per the specified time schedule and agreed standards,
- Levy of user charges strictly within the limits specified in the concession agreement,
- Protection of user interests by ensuring that performance standards, safety and other requirements are adhered to,
- Preventing misuse of public assets transferred to the concessionaire,
- Preventing any leakage, diversion or mis-classification or Government revenues,
- Imposing and recovering penalties for breach of contract,
- Operating the escrow account in accordance with the terms of the concession agreement,
- Effective communication and exchange of information for monitoring and enforcement of obligations,
- Supervision of the functioning of the independent engineer with a view to ensuring that it is discharging all its duties.

Thus, any inadequate reporting and monitoring system may affect project implementation.

18. Our insurance coverage may not adequately protect us against all losses we incur in our operations or otherwise.

We maintain or contractually provide for insurance coverage of the type and in the amounts that we believe are commensurate with our operations. These insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our physical performance and operations. Further, as an internal policy we make payouts for the concessionaire's workforce, i.e. if the concessionaire fails to keep in force all insurances for which it is responsible, NHAI, may at its option obtain the insurance policies/pay the insurance premium and keep the same in force (this is a short term burden on NHAI, though recoverable later). NHAI does however have the option to recover the premium from the concessionaire/contractor. For further details, please refer chapter ***"Our Business"*** on page 66 of this Shelf Prospectus.

19. We do not own the premises from which most of our regional offices and field office(s) operate and this may involve risk of loss of such premise

Our offices including regional offices and project implementation unit offices are on lease/leave and license basis. Thus, we do not own most of our branch offices and our head office. Any failure on our part to execute and/or renew leave and license agreements and/or lease deeds in connection with such offices or failure to locate alternative offices in case of termination of the leases and/or leave and license arrangements in connection with any branch could adversely affect results of our operations.

20. Our operations are subject to physical hazards and similar risks that could expose us to material liabilities, reduced inflows and increased execution costs.

There are certain stretches/projects where we are subject to operational risks as well as project implementation risks. Our operations subject our workforce to hazards inherent in constructing roads, bridges and railway work such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Further, we also assume liability for defects in connection with any design or engineering work provided by the contractors. Although we sub-contract our construction work, we may still be liable for accidents on our projects, due to defects in design and quality of construction of our projects, during the construction and operations. Any delay, default or unsatisfactory performance by any third parties could adversely affect our ability to complete our projects in a timely manner or at all. Any of the foregoing factors, though not quantifiable monetarily, could have a material adverse affect on financial condition, reputation and results of our operations.

21. Our operations could be adversely affected by strikes, work stoppages or increase wage demands by our or our contractors' work force or any other kind of disputes involving our work force.

We employ significant number of workers directly as well as on contractual basis. These workers may be associated with some workers union. We have not experienced any materials strikes, work stoppages or action by or with our employees. However, in future, there can be no assurance that we will not experience any disruptions of operations due to disputes or other problems with our work force, which may adversely affect our operations.

22. Any inability to attract, recruit and retain skilled personnel could adversely affect results of our operations.

We depend largely on workforce deputed from various cadres of Government and have considerable skilled manpower deputed to us to enable us to achieve our objectives. We are also dependent on other key personnel, including skilled project management personnel. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our Members or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our operations.

23. Opposition from local communities and other parties may adversely affect our operations.

The construction and operation of our current and future projects may face opposition from the local communities where these projects are located and from special interest groups such as environmental groups. In particular, local communities, individuals, the forest authorities and other authorities may oppose our operations and land acquisition due to various reasons including the perceived negative impact such activities may have on the environment etc. Significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process may delay project implementation and adversely affect our operations.

24. ***We are subject to internal risks arising from our business of contract management which may adversely affect our operations.***

Since we are essentially in the business of contract management of construction contracts, and as a contract manager, areas of risk are divided contractually. That is to say that our internal risks are directly linked to the risks of non-performance, default and disputes arising from the underlying construction contracts. The different kinds of contracts we manage for our construction activities are as follows:

i) ***BOT/DBFOT – Investment by private entities and return through collection and retention of Toll/User Fees*.**

Private developers/operators, who invest in National Highway projects on Toll basis, are entitled to collect and retain toll revenues during project concession period. The Toll/User Fee are determined by Central Government by way of notification in official gazette in accordance with the applicable toll rules. Model Concession Agreements (**"MCAs"**) have been developed to standardized the contracts, based on internationally accepted principles and best practices and to facilitate the speedy award of contracts. This framework has been successfully used for award of concessions for hundreds of the projects. As on October 31, 2013, we have awarded 188 BOT Toll based contracts valued at ₹ 15,995,386.00 lakhs. The risks associated with this model framework of contract execution are provided in paragraph (iii) below.

ii) ***BOT – Annuity: Investment by private entities and return through semi-annual pre-determined annuity payments from NHAI as per bid***

The concessionaire bids for annuity payments from NHAI that would cover his cost (construction, operations and maintenance) and an expected return on the investment. The bidder quoting the lowest annuity is awarded the project. The annuities are paid semi-annually by NHAI to the concessionaire and linked to performance covenants. The concessionaire does not collect and retain Toll/User Fee under these contracts, hence does not bear the traffic/tolling risk. As on October 31, 2013, we have awarded 51 BOT Annuity based contracts valued at ₹ 3,028,666.00 lakhs. The risks associated with this model framework of contract execution are provided in paragraph (iii) below.

The risks as elaborated in point (iii) below will affect the above volume of BOT – Annuity contracts.

iii) ***Risks arising from the Model Concession Agreement***

The Road & Highways sector in India has witnessed significant investment in recent years. For sustaining the interest of private participants, a clear risk-sharing and regulatory framework has been spelt out in the Model Concession Agreement (MCA). MCA's risk framework is briefly discussed below:

- **Land acquisition risk:** We are responsible for acquiring the requisite land for the project highway on behalf of MoRTH and we provide all reasonable support and assistance to the concessionaire in procuring applicable permits required from any Government authority/instrumentality. In case of delay in procuring applicable permits we may have to compensate the concessionaire which may be in form of increase in the concession period.

- **Force Majeure Risk:** Force Majeure risk pervades all through the specific provisions in MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure spills over all of the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

Non-Political Events

- act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion;
- strikes or boycotts;
- the discovery of geological conditions, toxic contamination or archaeological remains on the Site;
- any event or circumstances of a nature analogous to any of the foregoing.

Indirect Political Events

- an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
- civil commotion or politically motivated sabotage which prevents collection of toll/fees;
- industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of toll/fees;
- Any failure of delay of a contractor to the extent caused by any Indirect Political Event and which does not result in any offsetting compensation being payable by the concessionaire by or on behalf of such contractor;
- Any Indirect Political Event that causes a Non-Political Event; or
- any event or circumstances of a nature analogous to any of the foregoing

Political Events

- Change in Law effected by any governmental agency, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the concession agreement;
- compulsory acquisition, in national interest, or expropriation of any project assets or rights of the concessionaire or of the contractors by any governmental agency .
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by developer.
- any failure or delay of a contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such contractor; or
- any event or circumstance of a nature analogous to any of the foregoing.

• ***Disputes risk:*** Any dispute arising out of or in relation to the concession agreement, between the parties is major internal risk, the mechanism for the dispute redressal is provided in the MCA. It is to be noted that the risk of disputes arises out of the MCA and is also addressed by the MCA template itself. It specifies that the parties should attempt to resolve the dispute amicably and for this purpose, the mandate has been given to an independent engineer to mediate and assist the parties to arrive at a settlement. The procedure has been laid out in sufficient detail therein. However, upon the failure of such conciliatory measure, the parties shall resort to Arbitration. Such disputes materially affect the project completion and execution and are a major source of internal risk. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 110 of this Shelf Prospectus.

- ***NHAI Event of Default:*** In the event of any of the defaults specified in the concession agreement which we have failed to cure within 90 days or such longer period as has been specified in the agreement, we shall be deemed to be in default and concessionaire shall have the right to terminate the agreement. Any default by NHAI under the agreement materially poses a risk of project non-completion and delay.

- ***Concessionaire Event of Default:*** The MCA, like any other agreement/contract is under exposure of the concessionaire defaulting, though there are substitution mechanisms in place. This internal risk may affect our project(s) in the short term, however in the long run this risk can be mitigated by prompt and reliable substitution of a defaulting or non-performing concessionaire.

- ***Termination Payment Liability:*** The MCA provides for payment to project lender(s) in case of termination of concession after the completion of the construction, to the extent of debt due as on the date of termination and the project highway stand transferred to us. This puts additional liability on us to directly or indirectly operate and maintain the project highway.

- ***Contract Monitoring Risk:*** A tertiary risk arising from contracts is the risk arising from monitoring of Public Private Partnership Projects (**"PPP"**) and any oversight during implementation. This is because although detailed guidelines have been laid down for award of contracts to concessionaires, the institutional mechanism for monitoring and enforcement of PPP contracts is yet to be implemented. A satisfactory reporting format for monitoring on site performance of contracts has to be in place to mitigate this area of internal risk. Till this procedure is in place, we are exposed to this internal risk.

- ***Risk arising from the international competitive bidding process/Risks associated with consultant selection:*** Although the bidding process is well culled out and is divided into two stages of Request For Qualification (**"RFQ"**) and the consequent Request For Proposal (**"RFP"**) (and amendments to these are project specific), There is a risk arising from disclosures made by prospective concessionaires under this bidding process. Particularly if a wrong disclosure is made and the weighted financial score is mis-calculated, the incompetent concessionaire will come into the picture with relatively lower expertise and affect the execution of the project. Pre-qualification on the basis of technical and financial expertise of the firm and its track record in similar projects which meets the threshold technical and financial criteria set out in the RFQ document. Determination of technical and financial capacity of consortium applicants in proportion to the committed equity holding of each consortium member in the project SPV.

- ***Other risks and risk mitigation mechanisms in the MCA template:*** Revenue realisation in BOT-Toll projects is subject to some key risks including, but not limited to variation in traffic, variation in toll rates and premature termination The concession agreement provides for various risk mitigation mechanisms to the concessionaire including change in concession period, differential toll rates that are linked to cost of different road structures under the new toll rules (linear alignment, bridges, tunnels, bypasses etc.) to providing for termination payments under force majeure events, additional toll way, occurrence of on account of certain events. The concession agreement provides for extension or reduction of the concession period in the event the actual traffic falls short or exceeds the target traffic, as estimated on the target date.

- **Insurance liability for the employees of concessionaire in case of default:** If the concessionaire fails to keep in force all insurances for which it is responsible, NHAI, shall be bound to pay the insurance premium and keep the same alive (this is a short term burden on NHAI, though recoverable later). NHAI does however have the option to recover the premium from the concessionaire or to deduct it from subsequent payment.

iv) ***Operate, Maintain and Transfer (OMT) contracts:***

We have also taken up award of selected highway projects to private sector players under an OMT Concession. Till recently, the tasks of toll collection and highway maintenance were entrusted to tolling agents/operators and subcontractors, respectively. These tasks have been integrated under the OMT concession. Under this concession private operators would be eligible to collect tolls on these stretches for maintaining highways and providing essential services (such as emergency/ safety services). The OMT concession would be for a maximum period of 9 years. In Fiscal 2013, we have awarded 12 OMT contracts with the total project cost of ₹ 1,29,096.00 lakhs.

Under the OMT, we are exposed to the following risks:

- Under the OMT agreement we have to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way will entitle the concessionaire to claim damages at a specified percentage of the performance security.

- We also undertake the risk to maintain and protect the construction works during of period of suspension of the concessionaire. This may involve exposure to high watch and works costs.

- In the event of default or breach of the agreement by us, our liability is computed keeping all direct costs suffered by the concessionaire as a consequence of such breach. This compensation may also include interest payment on debt, Operations and Maintenance expenses.

- If the concessionaire fails to keep in force all insurances for which it is responsible, we are bound to either pay the insurance premium and keep the same alive (this is a short term burden on NHAI, though recoverable later). We do however have the option to recover the premium from the concessionaire or to deduct it from subsequent payment.

v) ***Engineering Procurement Construction and Maintenance ("EPCM") Contracts***

In addition to the above modes of construction contracts, recently we have also taken up award of selected highway projects to private sector players under EPCM mode. An EPCM contract is a design, construct and maintain contract where a single contractor broadly takes responsibility for all elements of the construction, procurement and maintenance which is different from the EPC contract. In an EPCM contract, the contractor has to quote the cost of constructing or upgrading the road section and thereafter the contractor will have to maintain the same till a period of two years post completion of the construction. The project is awarded to the contractor offering to complete the project at the lowest cost and the cost of the project is borne by the Authority.

Under the EPCM, we are exposed to the following risks:

1. Under the EPCM contract we have to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way will entitle the contractor to claim damages at a specified rate as per the formula provided under the contract.

2. Prior to the Appointed Date, we have the responsibility to maintain and undertake repair of the Project Highway, at our own cost and expense, so that its traffic worthiness and safety are at no time compromised. Therefore, any delay in declaration of Appointed Date will extend our maintenance obligation. However, in

case of unforeseen events, such as floods or earthquake causing excessive deterioration or damage to a particular highway. We also undertake the risk to maintain and protect the construction works during of period of suspension of the contractor. This may also involve exposure to our works cost implications due to our liability to maintain the highway.

3. If the contractor fails to keep in force all insurances for which it is responsible, NHAI, shall be bound to pay the insurance premium and keep the same alive (this is a short term burden on NHAI, though recoverable later). NHAI does however have the option to recover the premium from the contractor or to deduct it from subsequent payment.

4. Any dispute arising out of or in relation to the contract, between the parties is major internal risk, the mechanism for the dispute redressal is provided in the contract. It is to be noted that the risk of disputes arises out of the contract and is also addressed by the MCA template itself. It specifies that the parties should attempt to resolve the dispute amicably and for this purpose, the mandate has been given to an Independent Engineer to mediate and assist the parties to arrive at a settlement. The procedure has been laid out in sufficient detail therein. However, upon the failure of such conciliatory measure, the parties shall resort to Arbitration, which shall be held in accordance with Arbitration and Conciliation Act, 1996. Such disputes materially affect the project completion and execution and are a major source of internal risk. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 110 of this Shelf Prospectus.

5. The price quoted by a selected developer is to be paid by us, we are exposed to a risk of price escalation related to the prices of labour, cement, steel, plant, machinery and spares, bitumen, fuel and lubricants, and other material inputs. The detail of calculation of any increase in such costs is provided under the agreement.

6. We have the liability to compensate the contractor for any increase in cost implications upon the contractor due to change/modification in any applicable law. Therefore, a change in law may expose us to additional financial cost and thus is a risk which the Authority undertakes.

7. Upon termination of an EPCM contract, we are bound to pay to the contractor 10% (ten per cent) of the cost of those works that would not have commenced or have not been completed. Also, on the date of termination or suspension, as the case may be, the maintenance and operation of the project highway stands transferred to us. This puts additional liability on us to directly or indirectly operate and maintain the project highway.

8. Force Majeure risk pervades all through the specific provisions in MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure spills over all of the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

Non-Political Events

- act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion;
- strikes or boycotts;
- the discovery of geological conditions, toxic contamination or archaeological remains on the Site; or

Indirect Political Events

- an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
- civil commotion or politically motivated sabotage which prevents collection of toll/fees; or
- industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of toll/fees;

Political Events

- Change in Law, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the EPC Agreement.
- compulsory acquisition in national interest or expropriation or any project assets or rights of the contractor or of the sub-contractors by any governmental agency;
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by the developer.
- any failure or delay of a sub-contractor but only to the extent caused by another Political Event; or
- any event or circumstances of a nature analogous to any of the foregoing.

25. No Debenture Redemption Reserve ("DRR") for the Bonds is proposed to be maintained for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

The obligation to maintain a DRR is applicable only to companies registered under the Companies Act/Companies Act, 2013. From the definitions laid down by SEBI under SEBI Debt Regulations, it may be observed that the definition of issuer includes a company. Certain mandatory requirements are required of all issuers whereas certain requirements like creation of a DRR is required only if the issuer is a company. The term "issuer" is much wider tends to include public sector undertakings and statutory corporations besides companies. NHAI is a statutory authority making a public issuance of debt securities and so it falls under the definition of **"issuer"** but it is not a company. Hence, NHAI being an **"issuer"** but not a **"company"**, the requirement to maintain a DRR in compliance under section 117C of the Companies Act is not applicable to it. Creation of a debenture redemption reserve is a requirement of public issuances under Section 117C of the Companies Act. Issuer companies are required under this section to maintain a DRR out of their yearly profits by crediting 'adequate' amounts to the DRR. Hence, even in cases where a company is maintaining a DRR, in a certain year it may not credit any amount to the DRR if there are no profits in that year. Moreover, the revenue flow to NHAI is credited to the NHAI Fund and is utilised therefrom in accordance with the provisions of the NHAI Act, which does not provide for creation of reserves such as DRR. Since there is no obligation on NHAI under the NHAI Act and the SEBI Debt Regulations and also NHAI has sought exemption from SEBI by its letter dated December 10, 2013 and SEBI's response through letter no. SEBI/IMD/DOF1/BM/OW/32851/2013 dated December 18, 2013 thereby providing the exemption in respect of creation of DRR. Therefore, NHAI will not maintain a DRR for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

Risks Relating to the Utilization of Issue Proceeds

26. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or any financial institution.

We intend to deploy the Issue proceeds towards part financing of the various projects being implemented by us under the NHDP and other National Highways projects as approved by the GoI. For further details, please refer to the section titled ***"Objects of the Issue"*** beginning on page 51 of this Shelf Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

Risks relating to investment in Bonds

27. The Bonds are classified as 'tax free bonds' eligible for tax exemption under Section 10(15)(iv)(h) of the Income Tax Act, up to an amount of interest on such bonds.

The Bonds are classified as 'tax free bonds' issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and the CBDT Notification. In accordance with the said section, the amount of interest on such bonds shall be entitled to exemption under the provisions of Income Tax Act. Therefore only the amount of interest on bonds is exempt and the amount of investment will not be considered for any deduction/ exemption under the Income Tax Act. For further details, see the section titled "***Statement of Tax Benefits***" on page 53 of this Shelf Prospectus.

28. There is no guarantee that the Bonds issued pursuant to this Issue will be listed on the NSE/ BSE in a timely manner, or at all.

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the NSE/ BSE.

29. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including, inter-alia our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although NHAI will create appropriate security in favour of the Debenture Trustee for the holders of the Bonds on the assets adequate to ensure 100% asset cover for the Bonds, the realizable value of the secured assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds. A failure or delay to recover the expected value from a sale or disposition of the secured assets could expose you to a potential loss.

30. Changes in interest rates may affect the prices of the Bonds.

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Bonds.

31. Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

32. There has been only a limited trading in the bonds and it may not be available on sustained basis in the future, and the price of the Bonds may be volatile.

There has been only a limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on NSE/ BSE, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are issued.

33. There is a risk of volatility in the price of the Bonds.

All extraneous factors which influence the bond market will affect the present Bonds. The pricing will be subject to factors affecting the general economic condition in India and in the global financial markets. Further any downgrading in the rating of our Bonds will affect the price of the bonds. All securities where a fixed rate of interest is offered, such as our Bonds are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rises, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which accompany inflation and/or a growing economy, may have a negative effect on the price of our Bonds.

34. Any downgrading in credit rating of the Bonds may affect the value of Bonds and thus our ability to raise further debts.

The Bonds proposed to be issued under this Issue have been rated 'CRISIL AAA/Stable' by CRISIL, 'BWR AAA with Stable Outlook' by BRICKWORK and 'CARE AAA' by CARE. We cannot guarantee that these credit ratings will not be downgraded by the rating agencies in future. The ratings provided by these Credit Rating Agencies may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect NHAI's ability to raise further debt.

35. There may be a delay in making refunds to applicants.

We cannot assure that the monies refundable to applicants, on account of (a) withdrawal applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the exchanges for listing of Bonds, (d) non allotment due to technical rejections or over subscriptions, will be refunded to the applicants in a timely manner.

36. Risk regarding enforcement of security on account of default.

Taking into account the nature of security and since most of the security is of peculiar nature i.e. fixed assets of NHAI, being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways entrusted to NHAI, enforcement of security will be tedious in nature, difficult and its realisable value will depend upon the market condition at that time and various extraneous factors at relevant time.

Bond Trustee is not a guarantor and will not be responsible for any loss or claim.

External Risk Factors

37. Our operations are affected by conditions in the financial markets and economic conditions generally, both in India and elsewhere around the world which could have an adverse effect on our operations.

Our business is affected by conditions in the global financial markets and economic conditions generally, both in India and elsewhere around the world. Many factors or events could lead to a downturn in the global financial markets including war, acts of terrorism, natural catastrophes and sudden changes in economic and financial policies. Any such event could affect confidence of contractor/participants which may affect our operations since large percentage of our projects are based on PPP model.

38. Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.

We are subject to regulations by Indian governmental authorities. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us.

39. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our operations.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our operations and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Bonds.

40. Political instability or changes in the Government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our operations.

We are a statutory authority in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our Bonds may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our operations are also impacted by regulation and conditions in the various States in India where we operate. Our operations and the market price and liquidity of our Bonds may be affected by interest rates, changes in Central Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the Central Government's policies could adversely affect results of our operations and could cause the price of our Bonds to decline.

41. Civil unrest, terrorist attacks and war would affect our operations.

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect results of our operations, physical execution and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have a materially adverse effect on results of our operations, future performance and the trading price of the Bonds.

42. Our operations may be adversely impacted by natural calamities or unfavourable climatic changes.

An act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion may adversely affect results of our operations.

43. ***Non-compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect results of our operations.***

Some of our projects are subject to extensive Government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our operations. These laws and regulations include the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution) Act 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards of the relevant states. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property.

We believe environmental regulation of industrial activities in India will become more stringent in the future. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by Government entities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by Government entities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as revocation of approvals and permits and orders that could limit or halt our operations. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, other liabilities and related litigation, could adversely affect results of our operations and physical execution.

PROMINENT NOTES:

1. For details on the interest of our Members, please refer to the sections titled **"*Our Management*"** beginning on page 96 of this Shelf Prospectus, respectively.

2. NHAI has entered into certain related party transactions as disclosed in the section titled **"*Financial Information of NHAI*"** as Appendix I of this Shelf Prospectus.

3. Any clarification or information relating to the Issue shall be made available by the Lead Managers and NHAI to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

4. Investors may contact the Registrar to the Issue and/or the Compliance Officer for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.

5. In the event of oversubscription in the Tranche Issue, allocation of Bonds will be as per the Tranche Prospectus.

6. Investors may note that this being a public issue of Bonds, as per the SEBI Debt Regulations, the Draft Shelf Prospectus was not required to be submitted to SEBI for comments. However, the Draft Shelf Prospectus was filed with the Designated Stock Exchange on December 31, 2013 for receipt of public comments for 7 working days i.e. until 5 pm on January 7, 2014.

7. For information relating to certain significant legal proceedings that we are involved in, please refer to the chapter titled ***"Outstanding Litigation and Material Developments"*** on page 110 of this Shelf Prospectus.

SECTION III - INTRODUCTION
SUMMARY OF THE ISSUE

As authorised under the CBDT Notification, the aggregate value of the issue of Bonds (having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Issuer during the Fiscal 2014 shall not exceed ₹ 5,00,000 lakhs. The Board of Members of the Issuer have approved the issue of Bonds under one or more tranches prior to March 31, 2014 by its resolution by circulation dated November 13, 2013. In pursuance of CBDT Notification, the Issuer has raised ₹ 1,30,160 lakhs through private placement of bonds. The Issuer proposes to raise balance amount of upto ₹ 3,69,840 lakhs through the issue of Bonds under one or more tranches prior to March 31, 2014.

The following is a summary of the Issue. The summary should be read in conjunction with, and is qualified in its entirety by the more detailed information in "***Issue Structure***" and "***Terms of the Issue***" of this Shelf Prospectus as well as the relevant sections of each Tranche Prospectus.

Common Terms of the Bonds

Issuer	National Highways Authority of India
Type of Instrument	Public issue of tax free secured redeemable non convertible bonds of face value of ₹ 1000.00 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended.
Nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Indebtedness/Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHAI and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.
Mode of Issue	Public Issue.
Eligible Investors	**Category I*** • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. ** With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular No. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.* **Category II*** • Companies within the meaning of section 2(20) of the Companies Act, 2013 • Statutory bodies/corporations; • Cooperative banks; • Trusts including Public/ private /religious trusts;

	• Limited liability partnerships; • Regional rural banks and other legal entities incorporated in India and authorised to invest in the Bonds; and • Partnership firms in the name of partners. * *With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.* **Category III** The following investors applying for an amount aggregating to above ₹ 10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta. **Category IV** The following investors applying for an amount aggregating to upto and including ₹ 10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Listing	BSE and NSE The Bonds are proposed to be listed within 12 Working Days from the respective Tranche Issue Closing Date.
Put/Call Option	Not Applicable
Rating of the Instrument	The Bonds proposed to be issued under this Issue have been rated “CRISIL AAA/Stable” by CRISIL vide their letter no. VK/NHAI/SN/26759 dated December 16, 2013, “CARE AAA” by CARE vide their letter dated December 19, 2013 and "BWR AAA with Stable Outlook” by BRICKWORK vide their letter no. BWR/BNG/RL/2013-14/NS/0269 dated December 24, 2013 for an amount of upto ₹ 5,00,000.00 lakhs.
Issue Size	As specified in the relevant Tranche Prospectus with aggregate issuance amount in all Tranche Prospectus taken together not exceeding the Shelf Limit.
Option to retain over subscription	As specified in the relevant Tranche Prospectus.
Objects of the Issue	Refer page 51 of this Shelf Prospectus
Details of the utilization of the Proceeds	As specified in the Objects of the Issue on page 51 of this Shelf Prospectus.
Step Up/Step Down Coupon Rate	As specified in the relevant Tranche Prospectus.
Day Count Basis	Actual / Actual i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.
Interest on Application Money	See “***Terms of the Issue-Interest on Application Money***” on page 128 of this Shelf Prospectus.
Default Interest Rate	As specified in the Bond Trust Deed to be executed between the NHAI and the Trustee for the Bondholders.
Issue Price	₹ 1,000 for each bond.
Face Value	₹ 1,000 for each bond.
Issue Opening Date	As mentioned in the relevant Tranche Prospectus.
Issue Closing Date	As mentioned in the relevant Tranche Prospectus.

	The Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.
Pay-in Date	Application Date (Full Application Amount is payable on Application)
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Members of the Authority or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of the Board of the Issuer or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issuance mode of the Instrument	Dematerialized form or physical form as specified by an Applicant in the Application Form.
Trading mode of the Instrument	Compulsorily in dematerialized form**
Settlement mode of the Instrument	1. Direct credit 2. National Electronic Clearing System ("NECS") 3. Real Time Gross Settlement ("RTGS") 4. National Electronic Fund Transfer ("NEFT") 5. Cheques/Pay Order/ Demand Draft For further details in respect of the aforesaid modes, refer to section titled "***Terms of the Issue– Mode of Payment***" on page 131 of this Shelf Prospectus.
Depositories	NSDL and CDSL
Working Day Convention	A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in New Delhi or at any other payment center notified in terms of the Negotiable Instruments Act, 1881
Record Date	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as Record Date.
Security	The Bonds shall rank pari passu inter-se, and shall be secured by way of first pari passu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Transaction Documents	The Shelf Prospectus and the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the MoU with the

	Registrar and the MoU with the Lead Managers and the Consortium Agreement. Refer to section titled "***Material Contracts and Documents for Inspection***" on page 171 of this Shelf Prospectus.
Conditions Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of Default	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Provisions related to Cross Default Clause	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Registrar	Karvy Computershare Private Limited
Mode of Application Money	1. At par cheques 2. Demand Drafts 3. ASBA
Market Lot/Trading Lot	One Bond
Bond Trustee	SBICAP Trustee Company Limited
Role and Responsibilities of Debenture Trustee	The Bond Trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.
Governing Law and Jurisdiction	The laws of the Republic of India

** *NHAI will make public issue of the Bonds in the dematerialised form as well as physical form. However, in terms of Section 8 (1) of the Depositories Act, NHAI, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

Options	**Series of Bonds Category I, II & III#**	
	Tranche [•] Series [•]	**Tranche [•] Series [•]**
Coupon Rate (%) p.a.	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Annualized Yield (%)	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Options	**Series of Bonds Category IV#**	
	Tranche [•] Series [•]	**Tranche [•] Series [•]**
Coupon Rate (%) p.a.	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Annualized Yield (%)	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds

Common Terms	Series of Bonds Category I, II, III & IV#	
Tenor	10 Years	15 Years
Redemption Date	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Minimum Application Size	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
In Multiples of	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	*For various modes of interest payment, see "**Terms of the Issue – Mode of Payment**" on page* 131	
Coupon Payment Date	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Reset Process	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Type	Fixed coupon rate.	
Interest on Application Money	See ***Terms of the Issue - Interest on Application Money***" on page 128.	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	

#In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:

a. *The coupon rates indicated under Tranche [•] Series [•] and Tranche [•] Series [•] shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.*
b. *In case the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively.*
c. *If the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/ transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
d. *Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;*
e. *If on any Record Date, the original Category IV allotee(s)/ transferee(s) hold the Bonds under Tranche [•] Series [•]Tranche [•] Series [•],Tranche [•] Series [•] and Tranche [•] Series [•] for an aggregate face value amount of over ₹ 10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche [•] Series [•] and Tranche [•] Series [•] shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively;*
f. *Bonds allotted under Tranche [•] Series [•] and Tranche [•] Series [•] shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*
g. *For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Tranche Issue shall be clubbed and taken together on the basis of PAN.*

The Issuer shall allocate and Allot Bonds of Tranche [•] Series [•]/Tranche [•] Series [•] (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Bond series in their Application Form

Terms of Payment

The entire face value per Bond is payable on Application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Bonds than applied for, the Issuer shall refund the amount paid on Application to the Applicant, in accordance with the terms of the respective tranche prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables present an extract of the Unconsolidated Financial Information. The summary of the Unconsolidated Financial Information should be read in conjunction with the examination report thereon issued by Luthra & Luthra, Chartered Accountants and statement of significant accounting policies and notes to accounts on the Unconsolidated Financial Information contained in the section titled "***Financial Information***" as Appendix I in this Shelf Prospectus.

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Sl. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2013	2012	2011	2010	2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.		SOURCES OF FUNDS						
	1	**Shareholders' Fund**						
		a) Capital	1	8,064,111.97	6,478,534.52	5,519,506.28	4,444,809.00	3,684,339.00
		b) Reserves & Surplus	2	41,198.84	41,198.84	41,198.84	41,198.84	176,531.44
	2	**Grants**						
		a) Capital	3	1,367,489.82	1,367,489.82	1,367,619.80	1,335,654.30	1,308,687.08
	3	**Borrowings**	4	1,860,322.92	1,737,776.66	680,069.34	512,315.49	559,018.83
		TOTAL		**11,333,123.55**	**9,624,999.83**	**7,608,394.26**	**6,333,977.63**	**5,728,576.35**
		APPLICATION OF FUNDS						
	1	**Fixed Assets**	5					
		Gross Block		9,182.64	8,833.34	8,466.66	7,565.79	7,305.90
		Less: Depreciation		5,592.43	5,298.41	4,870.61	4,348.77	4,026.95
		Net Block		3,590.20	3,534.93	3,596.05	3,217.02	3,278.95
		Less: Assets created out of Grants		612.58	612.58	612.58	612.58	611.88
		i) Capital Work- in-Progress		3,715,979.72	4,263,045.51	3,784,750.69	3,402,507.67	2,877,443.68
		ii) Expenditure on completed projects awaiting transfer/ capitalization		6,928,044.12	4,981,350.38	4,131,643.65	3,152,033.33	2,515,778.88
				10,644,023.84	9,244,395.89	7,916,394.34	6,554,541.00	5,393,222.56
		Total		**10,647,001.46**	**9,247,318.24**	**7,919,377.81**	**6,557,145.44**	**5,395,889.63**
	2	**Investment (At cost)**	6	**119,846.89**	**113,263.89**	**107,592.88**	**104,892.88**	**91,882.00**
	3	**Current Assets, Loans and Advance**	7					
		a) Inventories		-	-	-	-	-
		b) Sundry Debtors		-	-	-	-	-
		c) Deposits, Loans & Advances		836,326.85	422,869.92	310,810.19	305,869.32	307,112.96
		d) Interest accrued on deposit		28,848.21	13,239.82	621.41	988.87	5,169.31
		e) Interest accrued and due on CALA deposits		17,373.81				
		f) Cash & Bank Balance		773,006.11	1,100,210.97	286,601.18	245,186.17	523,637.09
		sub total		**1,655,554.97**	**1,536,320.70**	**598,032.78**	**552,044.36**	**835,919.36**
		Less: Current Liabilities and Provisions						
		a) Liabilities	8	**1,087,390.28**	1,270,398.91	1,015,445.53	879,159.84	594,341.07
		b) Provisions	9	**1,889.49**	1,504.08	1,163.68	945.21	773.57
		sub total		**1,089,279.78**	**1,271,902.99**	**1,016,609.21**	**880,105.05**	**595,114.64**
		Net Current Assets		**566,275.20**	**264,417.71**	**(418,576.43)**	**(328,060.69)**	**240,804.72**
	4	**Misc. Expenditure (to**	10	-	-	-	-	-

Sl. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2013	2012	2011	2010	2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		the extent not written off)						
	5	**Profit & Loss Account (Debit balance, if any)**		-	-	-	-	-
	6	**Significant Accounting Policies**	**18**	-	-	-	-	-
	7	**Notes on Accounts**	**19**	-	-	-	-	-
		TOTAL		**11,333,123.55**	**9,624,999.83**	**7,608,394.26**	**6,333,977.63**	**5,728,576.35**

REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

Sl. Nos.	Particulars	Schedule	FOR THE YEAR ENDED MARCH 31				
			2013	2012	2011	2010	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.	**INCOME**						
	a) Value of Work done		-	-	-	-	-
	b) Other income	**11**	1,541.27	3,480.73	3,781.39	3,733.18	1,212.96
	c) Interest (Gross)	**12**	1.54	2.86	11.12	51.28	44.31
	d) Grant-in-aid for maintenance of Highways		-	-	-	-	-
	e) Net Increase/Decrease in work-in-progress (+)/(-)	**13**	-	-	-	-	-
	TOTAL		**1,542.81**	**3,483.60**	**3,792.51**	**3,784.46**	**1,257.27**
II.	**EXPENDITURE**						
	a) Construction Stores/Material consumed Other stores, spares & tools etc. consumed		-	-	-	-	-
	Work Expenses:	**14**					
	a) Personnel & Administrative Expenses	**15**	16,849.76	15,603.68	14,385.97	11,096.14	10,140.00
	b) Finance Charges	**16**	10.98	11.59	11.00	16.61	10.76
	c) Depreciation		379.16	463.63	553.84	327.47	375.50
	d) Assets of Small Value Charged Off		14.71	19.15	32.72	30.78	12.00
	TOTAL		**17,254.61**	**16,098.04**	**14,983.53**	**11,471.00**	**10,538.26**
	Profit (+)/Loss (-) for the year		(15,711.80)	(12,614.44)	(11,191.02)	(7,686.54)	(9,280.99)
	Add: Prior Period Items net(+/-)	**17**	(606.47)	(833.08)	(536.64)	(643.46)	(1,039.84)
	Less: Net Establishment Expenses for the year transferred to CWIP (Sch-5)		**16,318.27**	**13,447.53**	**11,727.66**	**8,330.00**	**10,320.83**
	Less/Add: Provision for Taxation						
	Net Profit		**-**	**-**	**-**	**-**	**-**
	Less: Transfer to Capital Reserve		-	-	-	-	-
	Less: Transfer to other specific Reserve/Fund		-	-	-	-	-
	Less/Add: Transfer to/Transfer from General Reserve (+/-)		-	-	-	-	-
	Less/Add: Surplus brought forward from previous year		41,198.84	41,198.84	41,198.84	41,198.84	41,198.84
	Surplus carried to Balance Sheet		**41,198.84**	**41,198.84**	**41,198.84**	**41,198.84**	**41,198.84**

REFORMATTED STATEMENT OF CASH FLOW

Sl. Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2013	2012	2011	2010	2009
	(1)	(3)	(4)	(5)	(6)	(7)
A.	**Cash flow from operating activities:**					

Sl. Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2013	2012	2011	2010	2009
	(1)	(3)	(4)	(5)	(6)	(7)
	Net profit before tax	**(15,711.80)**	**(12,614.44)**	**(11,191.02)**	**(7,686.54)**	**(9,280.99)**
	Adjustments for:					
	Depreciation	379.16	463.63	553.84	327.47	375.50
	Profit/(Loss)on sale of assets	(1.43)	(0.57)	(1.38)	0.67	0.61
	Interest income	(1.54)	(2.86)	(11.12)	(51.28)	(44.31)
	Operating profit before working capital changes	**(15,335.61)**	**(12,154.25)**	**(10,649.68)**	**(7,409.68)**	**(8,949.19)**
	Adjustments for:	-	-			
	(Increase)/Decrease in Deposits, Loans & Advances	(412,731.83)	(111,351.09)	(5,770.31)	2,143.54	41,858.88
	Increase in liabilities	(183,008.63)	254,953.38	136,285.69	284,818.76	121,437.92
	Increase in Provision for gratuity and Leave encashment	385.41	340.40	218.47	171.64	252.54
	Cash flow before extraordinary item & prior period items	**(610,690.66)**	**131,788.45**	**120,084.17**	**279,724.26**	**154,600.14**
	Prior period items	(606.47)	(833.08)	(536.64)	(643.46)	(1,039.84)
	Net cash generated from operating activities	**(611,297.13)**	**130,955.37**	**119,547.53**	**279,080.80**	**153,560.30**
B.	**Cash flow from investing activities:**					
	Purchase of fixed assets	(444.39)	(408.04)	(935.62)	(266.52)	(244.93)
	Realization from sale of assets	11.39	6.09	4.14	1.00	0.74
	Increase in Capital Work in progress	(1,388,970.03)	(1,298,490.97)	(1,331,851.22)	(1,143,843.78)	(1,112,651.61)
	Increase in investment	(6,583.00)	(5,671.00)	(2,700.00)	(13,010.88)	(4,576.00)
	Interest Income	97,482.15	28,409.23	14,982.54	23,357.09	51,794.49
	Interest expense	(11,649.05)	(13,444.12)	(14,811.14)	(14,822.23)	(17,164.75)
	Capital Reserve (Receipts)	7,631.85	5,174.94	6,425.22	2,573.22	7,840.63
	Interest and other expenditure on bond issue	(123,582.22)	(50,082.25)	(23,817.08)	(17,131.94)	(21,495.47)
	Net cash used in investing activities	**(1,426,103.30)**	**(1,334,506.11)**	**(1,352,703.16)**	**(1,163,144.04)**	**(1,096,496.90)**
C.	**Cash flow from financing activities:**					
	Cess funds received from Govt of India	600,300.00	618,700.00	844,094.00	740,470.00	697,247.00
	Capital additional budgetary receipts	202,897.00	121,221.00	84,300.00	20,000.00	15,900.00
	Grant Funds received from EAP (net)		(129.98)	31,965.50	26,967.21	151,316.49
	Adjusted Plough back of Toll Remittance, etc	164,024.57	219,107.24	146,303.28	-	-
	Loan received from government of India		-	8,000.00	6,800.00	37,900.00
	Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618,355.88				
	Loan/Overdraft received from Bank		-	22,522.44	32,900.92	29,500.00
	Repayment of loan from government of India	(51,685.00)	(13,665.00)	(12,865.00)	(12,185.00)	(56,395.00)
	Repayment of loan to Asian Development Bank	1,459.42	6,349.03	(2,391.56)	(9,963.72)	14,594.90
	Repayment of loan from Banks	-	(22,522.44)	(32,900.92)	(29,500.00)	-
	Proceeds from issue of Capital Gains Tax-Free Bonds	290,206.80	251,151.50	216,060.60	115,363.10	163,000.80
	Redemption of Capital Gains Tax- Free Bonds	(115,363.10)	(163,050.80)	(30,517.70)	(149,907.60)	(128,941.00)
	Proceeds from issue of Tax-Free Bonds 2011-12		1,000,000.00			

Sl. Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2013	2012	2011	2010	2009
	(1)	(3)	(4)	(5)	(6)	(7)
	Capital reserve (Negative Grant) for BOT projects			-	(135,332.59)	640.50
	Net cash used in financing activities	**1,710,195.57**	**2,017,160.54**	**1,274,570.64**	**605,612.32**	**924,763.69**
	Net increase/(decrease) in cash and cash equivalents	**(327,204.85)**	**813,609.80**	**41,415.01**	**(278,450.92)**	**(18,172.91)**
	Opening cash and cash equivalents	1,100,210.97	286,601.18	245,186.17	523,637.09	541,810.00
	Closing cash and cash equivalents	**773,006.11**	**1,100,210.97**	**286,601.18**	**245,186.17**	**523,637.09**
	Notes:					
	Cash and cash equivalents include:					
	Cash and cheques in hand / in transit	5.57	2.94	514.73	1,146.92	3,220.22
	Balance with banks: -In Current Account	179,641.48	107,376.46	209,690.61	99,656.52	202,328.22
	- In FD account	593,359.06	992,831.56	76,395.84	144,382.73	318,088.65
	Balance as per books of account	**773,006.11**	**1,100,210.97**	**286,601.18**	**245,186.17**	**523,637.09**

Key Financial Indicator

(₹ in lakhs)

Parameters	FY 2013	FY 2012	FY 2011
Net worth*	81,05,310.81	65,19,733.36	55,60,705.12
Total Debt	18,60,322.92	17,37,776.66	6,80,069.34
of which-Non Current Maturities of Long Term Borrowing**	N.A.	N.A.	N.A.
- Short Term Borrowing**	N.A.	N.A.	N.A.
- Current Maturities of Long Term Borrowing**	N.A.	N.A.	N.A.
Net Fixed Assets	3,590.20	3,534.93	3,596.05
Non Current Assets**	N.A.	N.A.	N.A.
Cash and Cash Equivalents	7,73,006.11	11,00,210.97	2,86,601.18
Current Investments**	N.A.	N.A.	N.A.
Current Assets (including loans & advances)	16,55,554.97	15,36,320.70	5,98,032.78
Current Liabilities (including provisions)	10,89,279.78	12,71,902.99	10,16,609.21
Net sales	N.A.	N.A.	N.A.
EBITDA^	N.A.	N.A.	N.A.
EBIT^	N.A.	N.A.	N.A.
Interest	Nil	Nil	Nil
Profit/(loss) after tax^	N.A.	N.A.	N.A.
Dividend amounts	Nil	Nil	Nil
Current ratio	1.52	1.21	0.59
Interest coverage ratio	N.A.	N.A.	N.A.
Gross debt/equity ratio	0.23	0.27	0.12
Debt Service Coverage Ratios	N.A.	N.A.	N.A.

** Networth = Capital + Reserve & Surplus*

***Not applicable as NHAI is not required to prepare financials as per Revised Schedule VI*

^Not Applicable as NHAI accounting policy considers Net profit/loss as excess of expenditure over income which is transferred to CWIP. Furthermore, Interest expenditure does not form part of Profit & Loss Account and is directly debtited to CWIP. Accordingly, these cannot be computed.

GENERAL INFORMATION

NHAI, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the NHAI Act on June 15, 1989 and having a perpetual succession and common seal.

Head Office of NHAI
G - 5 & 6, Sector 10
Dwarka, New Delhi – 110075
India
Tel.: +91 11 25074100/25074200
Fascimile: +91 11- 25093507/25093514
Website: www.nhai.org

Compliance Officer

Mr. S.K. Chauhan
Manager (Finance & Accounts)
National Highways Authority of India
Head Office, G - 5 & 6, Sector 10
Dwarka New Delhi – 110 075
Tel.: +91 11 2507 4100/4200, Extension: 2479
Fascimile: +91 11 2509 3517
Email: skchauhan@nhai.org

Investors may contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, bond certificates (for applicants who have applied for bonds in physical form) credit of allotted Bonds in the respective beneficiary account or refund orders, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on Application, Depository Participant and the Collection Centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a)the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for and amount blocked on Application.

All grievances arising out of Applications for the Bonds made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the relevant Stock Exchange.

Member (Finance)*

Shri Satish Chandra, IAS
Member (Finance)
National Highways Authority of India
Head Office
G – 5 & 6, Sector 10, Dwarka
New Delhi - 110075
Tel.: (11) 25074100, 25074200
Fascimile: (11) 25093542
E-mail: memberfinance@nhai.org

* *The Issuer does not have a designated Chief Financial Officer. The finance function is headed by Shri Satish Chandra who is the Member (Finance) of the Issuer, whose particulars are given above.*

Lead Managers to the Issue

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off CST Road, Kalina, Mumbai 400 098
Tel: +91 22 4009 4400;
Facsimile: +91 22 4086 3610
Email: Nhai.tfbonds@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Sameer Gaud / Mr. Umang Poddar
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650

A. K. Capital Services Limited
30-39 Free Press House, 3rd Floor, Free Press Journal Marg
215, Nariman Point, Mumbai 400021
Tel: +91 22 6754 6500;
Facsimile: +91 22 6610 0594
Email: nhaitfbonds13@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Ms. Akshata Tambe/ Mr. Lokesh Singhi
Compliance Officer: Mr. Vikas Agarwal
SEBI Registration No.: INM000010411

ICICI Securities Limited
H.T. Parekh Marg, Churchgate
Mumbai 400 020
Tel: +91 22 2288 2460
Facsimile: +91 22 2282 6580
Email: nhai.fy2014@icicisecurities.com
Investor Grievance Email:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Mangesh Ghogle/ Mr. Gaurav Goyal
Compliance Officer: Mr.Subir Saha
SEBI Registration No.: INM000011179

Axis Capital Limited
1st Floor, Axis House
C-2, Wadia International Centre,
P B Marg, Worli, Mumbai 400025
Tel: +91 22 4325 2525;
Facsimile: +91 22 4325 3000
Email: nhaitaxfree@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration No.: INM000012029

Legal Advisors to the Issuer

M.V. KINI, Law Firm
Advocates & Solicitors
"Kini House"
6/39 Jungpura-B
New Delhi 100014
Tel: +91 11 2437 1038/39/40
Fax: +91 11 24379484
Website: www.mvkini.com

Bond Trustee

SBICAP TRUSTEE COMPANY LIMITED
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Churchgate, Mumbai 400 020
Tel: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Contact Person/ Compliance Officer: Mr. Ajit Joshi
Investor Grievance Email: investor.cell@sbicaptrustee.com
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
SEBI Registration No.: IND000000536

SBICAP Trustee Company Limited has given its consent *vide* letter no. 2903/STCL/DT/2013-14 dated December 24, 2013 to the Issuer for its appointment under regulation 4(4) of SEBI Debt Regulations.

All the rights and remedies of the Series Bondholders under this Issue shall vest in and shall be exercised by the appointed Bond Trustee for this Issue without having it referred to the Series Bondholders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Bond Trustee so appointed by the Issuer for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Series Bondholders/Bond Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer *pro tanto* from any liability to the Series Bondholders. For further details, please see section ***"Terms of the Issue"*** of this Shelf Prospectus and the relevant Tranche Prospectus.

Statutory Auditors

As per Section 23 of the NHAI Act, the accounts of the Authority shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor General of India, be prescribed and the Authority shall furnish, to the Central Government before such date as may be prescribed, its audited copy of accounts together with the auditors report thereon.

Further, in terms of Section 23 of the NHAI Act, Comptroller and Auditor General of India is the permanent auditor of NHAI. Therefore, there has been no change in the auditor of NHAI in last three years.

Independent Auditors of NHAI for the Issue

Luthra & Luthra, Chartered Accountant
A-16/9, Vasant Vihar
New Delhi - 110057
Tel: 011-42591800
Fax: 011-26145222
E-mail: delhi@llca.net
Firm Registration No: 002081N

Bankers to NHAI

Canara Bank
J-6, Community Centre,
Rajouri Garden, New Delhi – 110027
Tel: +91 1125971004 Fax: +91 11 25971051
E-mail: cb1386@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. T. R. Venkateswaran,

Syndicate Bank
1, Parliament Street, Transport Bhawan
New Delhi 110001
Tel: +91 11 2371 7573
Fax: +91 11 2331 9671
Website: www.syndicatebank.in
Email: dl.9062deltptbhawan@syndicatebank.co.in
Contact Person: Mr. Vimal Kumar Chugh

Registrar to the Issue

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad 500 081
Tel: +91 40 4465 5000
Facsimile: +91 40 2343 1551
Email: einward.ris@karvy.com
Investors Grievance Email: nhai.bond@karvy.com
Website: http:\\karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221

Escrow Collection Banks/Bankers to the Issue

Axis Bank Limited
C 3/21, Janakpuri,
New Delhi - 110058
Telephone: + 91 11 41576673
Facsimile: + 91 11 41576508
Email: ashish.dhall@axisbank.com,
amit.mishra@axisbank.com,
janakpuri.branchhead @axisbank.com,
janakpuri.operationhead@axisbank.com,
Contact Person: Mr. Ashish Dhall, Amit Mishra, Amit Tank
Website: www.axisbank.com
SEBI Registration No.: INBI00000017

HDFC Bank Limited
FIG - OPS Department,
Lodha, I Think Techno Campus,
O-3, Level Next to Kanjurmarg Railway Station,
Kanjurmarg (East),
Mumbai - 400042
Telephone: + 91 22 30752928
Facsimile: + 91 22 25799801
Email: uday.dixit@hdfcbank.com, figdelhi@hdfcbank.com,
anchal.garg@hdfcbank.com
ashish.ujjawal@hdfcbank.com
Contact Person: Mr. Uday Dixit
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

ICICI Bank Limited
Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vaccha Road,
Backbay Reclamation, Churchgate, Mumbai - 400020
Telephone: + 91 22 22859905
Facsimile: + 91 22 22611138
Email: anil.gadoo@icicibank.com
Contact Person: Mr. Anil Gadoo
Website: www.icicibank.com
SEBI Registration No.: INBI00000004

IDBI Bank Limited^
Unit No. 2, Corporate Park,
Sion Trombay Road,
Chembur, Mumbai – 400 071
Telephone: + 91 22 66908402
Facsimile: + 91 22 25286173
Email: ipoteam@idbi.co.in
Contact Person: Shri V. Jayananthan (Head - CMS Operations)
Website: www.idbibank.com
SEBI Registration No.: INBI00000076

IndusInd Bank Limited
Cash Management Services,
Solitaire Park, No. 1001,
Building No. 10, Ground Floor,
Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093
Telephone: + 91 22 6772 3901 to 3917
Facsimile: + 91 22 6772 3998
Email: suresh.esaki@indusind.com
Contact Person: Mr. Suresh Esaki
Website: www.indusind.com
SEBI Registration No.: INBI00000002

Syndicate Bank
1, Parliament Street,
Transport Bhawan,
New Delhi - 110001
Telephone: + 91 11 23717573
Facsimile: + 91 11 23319671
Email: dl.9062deltptbhawan@syndicatebank.com
Contact Person: Mr. Vimal Kumar Chugh
Website: www.syndicatebank.co.in
SEBI Registration No.: INBI00000035

^ The registration of IDBI Bank Limited as Banker to an Issue is expiring on February 6, 2014. However, IDBI Bank Limited has vide its letter date October 31, 2013 applied for permanent registration as Banker to an Issuer.

Refund Bank

ICICI Bank Limited
Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vaccha Road,
Backbay Reclamation, Churchgate
Mumbai - 400020
Telephone: + 91 22 22859905
Facsimile: + 91 22 22611138
Email: anil.gadoo@icicibank.com
Contact Person: Mr. Anil Gadoo
Website: www.icicibank.com
SEBI Registration No.: INBI00000004

Consortium Members for marketing of the Issue

In addition to the Lead Managers, consortium members for marketing of the Issue are the following.

EDELWEISS SECURITIES LIMITED 2nd Floor, M.B. Towers Plot no. 5, Road no. 2 Banjara Hills, Hyderabad 500 034 Telephone: +91 22 6747 1342 Facsimile: + 91 22 6747 1347 E-mail ID: nhai.tfbonds@edelweissfin.com Website: www.edelweissfin.com Investor Grievance ID: customerservice.mb@edelweissfin.com Contact Person: Mr. Prakash Boricha SEBI Registration Number: INB011193332 (BSE)/ INB231193310 (NSE)/ INB261193396 (MCX-SX)	**A. K. STOCKMART PRIVATE LIMITED** 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel: +91 22 6634 9300; Facsimile: +91 22 6754 4666 E-mail:ankit@akgroup.co.in Website:www.akcapindia.com Contact person: Mr.Ankit Gupta SEBI Registration No.: BSE: INB011269538 NSE: INB231269532

Credit Rating Agencies

CRISIL LIMITED
CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai 400076
Tel: +91 22 3342 3000,
Fax: +91 22 3342 3050
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Sudip Sural
SEBI Registration No.: IN/CRA/001/1999

CREDIT ANALYSIS AND RESEARCH LIMITED
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110055
Tel: +91 11 4533 3246;
Fax: +91 11 4533 3228;
Email: jatin.babbar@careratings.com
Website: www.careratings.com
Contact Person: Jatin Babbar
SEBI Registration No.: IN/CRA/004/1999

BRICKWORK RATINGS INDIA PRIVATE LIMITED#
3rd Floor, Raj Alkaa Park, Kalena Agrahara
Bannerghatta Road, Bengaluru – 560 076
Fax: 1860 425 2742;
Tel: +91 80 4040 9940;
Fax: +91 80 40404 9941;
Email: info@brickworkratings.com
Website: www.brickworkratings.com
Contact Person: Sri V Nagaraja
SEBI Registration No.: IN/CRA/005/2008
 # The registration certificate of Brickwork Ratings India Private Limited as Credit Rating Agency is expiring on February 6, 2014. However, Brickwork has applied for renewal of registration as Credit Rating Agency.

Credit Rating and Rationale

CRISIL vide its letter no. VK/NHAI/SN/26759 dated December 16, 2013 has assigned a credit rating of "CRISIL AAA/Stable", CARE has assigned a credit rating of "CARE AAA" vide its letters dated December 19, 2013. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. BRICKWORK vide its letter no. BWR/BNG/RL/2013-14/NS/0269 dated December 24, 2013 has assigned a credit rating of "BWR AAA with Stable Outlook". Instruments with 'BWR AAA' rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For details in relation to the rationale for the credit rating by CRISIL, CARE and BRICKWORK, please refer Appendix III of this Shelf Prospectus.

Expert Opinion

Except the letters dated December 19, 2013 and December 24, 2013 issued by CARE and BRICKWORK, respectively, in respect of the credit rating for the Bonds, and the report on Financial Statements of NHAI and its subsidiaries, Limited Review Report and Statement of Tax Benefits of NHAI dated December 27, 2013 issued by Luthra & Luthra, Independent Auditors of NHAI for the Issue, NHAI has not obtained any other expert opinion.

Minimum Subscription for the Issue

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. The Issuer has decided not to stipulate minimum subscription amount for this Issue.

Issue programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSES ON
[•]	[•]

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Application Forms on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Shelf Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Application Forms are received on the Issue

Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Application Forms that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Consortium Members or Trading Members of the Stock Exchanges is liable for any failure in uploading the Application Form due to failure in any software/hardware system or otherwise.

* *The subscription list for the Issue shall remain open for subscription, from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription list of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading National daily newspaper.*

SUMMARY OF BUSINESS

Business Overview

NHAI is an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of Parliament titled - The National Highways Authority of India Act, 1988 (NHAI Act). NHAI was operationalised in February 1995 with the appointment of full time Chairman and other Members. The functioning of NHAI is governed by NHAI Act and rules, and regulations framed thereunder.

The main objects of NHAI are provided in NHAI Act as per which NHAI is responsible for the development, maintenance and management of the National Highway (NH) entrusted to it by the GoI and for matters connected or incidental thereto. Its functions include survey, development, maintenance and management of the NH and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways entrusted to it, to regulate and control plying of vehicles, to develop and provide consultancy and construction services and to collect fees for services and benefits rendered in accordance with Section 16 of NHAI Act. It was established with a vision to meet the nation's need for the provision and maintenance of a NH network in line with global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic well being and quality of life of the people. For more details, please refer to chapter "***History, Main Objects and Certain Corporate Matters"*** on page 87 of this Shelf Prospectus.

NHAI's initial mandate was limited to only a few projects undertaken with the assistance of Asian Development Bank (ADB) and the Japanese Board of Industry and Commerce (JBIC). Subsequently, in 1998, the GoI announced the NHDP comprising mainly of the Golden Quadrilateral linking the four metros and connectivity to major ports in the First Phase and the North-South & East-West corridors in the Second Phase.

Since its inception, the mode for implementation of projects under NHDP has undergone significant change. Initially, the implementation of NHDP was through EPC mode. However, since 2005, as a policy, the GoI had decided to implement projects on Public Private Partnership (**"PPP"**) mode (BOT Toll/Annuity or OMT). NHAI has played a significant role in developing approaches for PPP and actual implementation on a large number of projects. As on October 31, 2013, NHAI has awarded 188 BOT Toll based contracts at a total project cost of ₹ 15,995,386 lakhs and 51 BOT Annuity based contracts at total project cost of ₹ 3,028,666 lakhs through PPP mode.

NHAI has adopted a business model that relies on outsourcing of a number of activities including design, construction, supervision, operation and maintenance of NH, rather than undertaking all such activities through its own employees. This has thus helped NHAI in maintaining a lean organisational structure to facilitate faster operational decision-making. NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings. During the financial year 2012-13, a sum of ₹ 6,00,300 lakhs was received as Cess Funds. In addition ₹ 2,02,897 lakhs were received towards development of National Highways (original works).

For more details, please refer to chapter ***"Our Business"*** on page 66 of this Shelf Prospectus.

CAPITAL STRUCTURE

NHAI is an autonomous body under MoRTH. It is established and governed by the NHAI Act. NHAI is not a company in terms of the Companies Act and accordingly NHAI does not have a share capital.

Details of Capital of NHAI

NHAI has not issued any shares against Capital and Capital Grants invested by GoI (in pursuance of NHAI Act).

The Capital of NHAI as on December 31, 2013, is set forth below:

Particulars		Amount (₹ in lakhs)
i) Capital u/s 12(i)(b) - Commencing Capital		
ii) Capital u/s 17		
a) Capital Base		80,100.00
b) Cess Fund	6,199,936.00	
Add: Received during the Year	5,14,308.00	
c) Additional Budgetary Support (NHDP and others)	6,86,285.00	
d) Capital – Net off toll collection, negative grant etc. upto 31.03.2010	6,18,355.88	
e) Plough back of Toll Remittance, etc. w.e.f. 01.04.2010	10,86,289.00	
Less: 1) Expenditure on Toll Collection Activities (w.e.f. 01.04.2010)	(37,047.46)*	
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (w.e.f. 01.04.2010).	(64,733.82)*	
Sub-Total		90,03,392.60
Total		**90,83,492.60**

** the indicated figures are calculated on pro-rata basis for three months i.e. from October 1, 2013 to December 31, 2013 based on figures for the period April 1, 2013 to September 30, 2013; since, no unaudited account were prepared by NHAI for the quarter ending on December 31, 2013.*

Capital History of NHAI upto December 31, 2013

1) Capital Base build-up

There have been no changes in the Capital base build-up of NHAI in the last five years.

2) Cess Fund Build-up

(₹ In lakhs)

S. No.	Date	Investor	Amount	Cumulative Amount
1.	December 30, 2008	MoRTH, GoI	1,74,312.00	32,22,061.00
2.	March 25, 2009	MoRTH, GoI	1,74,311.00	33,96,372.00
3.	June 30, 2009	MoRTH, GoI	1,99,435.00	35,95,807.00
4.	September 29, 2009	MoRTH, GoI	2,29,487.00	38,25,294.00
5.	January 27, 2010	MoRTH, GoI	2,14,461.00	40,39,755.00
6.	March 30, 2010	MoRTH, GoI	97,087.00	41,36,842.00
7.	June 29, 2010	MoRTH, GoI	1,96,200.00	43,33,042.00
8.	September 27, 2010	MoRTH, GoI	1,96,200.00	45,29,242.00
9.	December 30, 2010	MoRTH, GoI	1,96,225.00	47,25,467.00
10.	March 30, 2011	MoRTH, GoI	2,55,469.00	49,80,936.00
11.	June 27, 2011	MoRTH, GoI	2,06,200.00	51,87,136.00
12.	September 28, 2011	MoRTH, GoI	2,06,300.00	53,93,436.00

S. No.	Date	Investor	Amount	Cumulative Amount
13.	December 27, 2011	MoRTH, GoI	2,06,200.00	55,99,636.00
14.	April 24, 2012	MoRTH, GoI	1,03,150.00	57,02,786.00
15.	May 29, 2012	MoRTH, GoI	1,03,150.00	58,05,936.00
16.	October 19, 2012	MoRTH, GoI	3,94,000.00	61,99,936.00
17.	July 5, 2013	MoRTH, GoI	1,71,436.00	63,71,372.00
18.	September 17, 2013	MoRTH, GoI	1,71,436.00	65,42,808.00
19.	October 28, 2013	MoRTH, GoI	1,71,436.00	67,14,244.00

3) **Additional Budgetary Support (NHDP and others) Build-up**

(₹ In lakhs)

S. No.	Date	Investor	Amount	Cumulative Amount
1.	October 30, 2008	MoRTH, GoI	12,400.00	2,07,867.00
2.	April 6, 2009	MoRTH, GoI	6,667.00	2,14,534.00
3.	September 8, 2009	MoRTH, GoI	13,333.00	2,27,867.00
4.	May 6, 2010	MoRTH, GoI	5,500.00	2,33,367.00
5.	May 14, 2010	MoRTH, GoI	22,800.00	2,56,167.00
6.	January 31, 2011	MoRTH, GoI	16,980.00	2,73,147.00
7.	March 29, 2011	MoRTH, GoI	39,020.00	3,12,167.00
8.	May 16, 2011	MoRTH, GoI	57,001.00	3,69,168.00
9.	March 16, 2012	MoRTH, GoI	19,063.00	3,88,231.00
10.	March 29, 2012	MoRTH, GoI	45,157.00	4,33,388.00
11.	April 25, 2012	MoRTH, GoI	9,167.00	4,42,555.00
12.	June 8, 2012	MoRTH, GoI	45,833.00	4,88,388.00
13.	February 18, 2013	MoRTH, GoI	1,15,954.00	6,04,342.00
14.	March 26, 2013	MoRTH, GoI	24,885.00	6,29,227.00
15.	March 29, 2013	MoRTH, GoI	7,058.00	6,36,285.00
16.	May 8, 2013	MoRTH, GoI	10,000.00	6,46,285.00
17.	June 27, 2013	MoRTH, GoI	40,000.00	6,86,285.00

4) **Capital – Net off toll collection, negative grant etc. upto 31.03.2010**

The GoI has decided that from April 1, 2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India in line with the amount deposited by NHAI in Consolidated Fund of India.

Accordingly, net current liability of pre April 1, 2010 period on account of toll and negative grant etc. stood at ₹ 6,18,356.00 lakhs. This amount had already been utilised on project development and was no longer payable to GoI. During Financial Year 2012-13, the same has been transferred to capital.

5) **Additional Budgetary Support (Plough back of Toll Remittance, etc.) Build-up**

(₹ in lakhs)

S. No.	Date	Investor	Amount	Cumulative Amount
1	November 18, 2010	MoRTH, GoI	38,597.00	38,597.00
2	December 30, 2010	MoRTH, GoI	58,367.00	96,964.00
3	March 14, 2011	MoRTH, GoI	58,898.00	1,55,862.00
4	March 31, 2011	MoRTH, GoI	6,438.00	1,62,300.00
5.	July 18, 2011	MoRTH, GoI	59,078.00	2,21,378.00
6.	July 29, 2011	MoRTH, GoI	74,026.00	2,95,404.00
7.	December 20, 2011	MoRTH, GoI	70,764.00	3,66,168.00
8.	March 27, 2012	MoRTH, GoI	65,421.00	4,31,589.00

S. No.	Date	Investor	Amount	Cumulative Amount
9.	November 08, 2012	MoRTH, GoI	1,77,700.00	6,09,289.00
10.	June 26, 2013	MoRTH, GoI	1,19,250.00	7,28,539.00
11.	September 24, 2013	MoRTH, GoI	1,19,250.00	8,47,789.00
12.	October 28, 2013	MoRTH, GoI	1,19,250.00	9,67,039.00
13.	December 27, 2013	MoRTH, GoI	1,19,250.00	10,86,289.00

List of top ten holders of outstanding debt instruments, as on December 31, 2013

S. No.	Name of the Bondholder	Amount (₹ in lakhs)
1.	The Hongkong and Shanghai Banking Corp. Ltd.	1,19,335.52
2.	Reliance Industries Limited	49,447.52
3.	ICICI Lombard General Insurance Company Limited	20,000.00
4.	Azim Premji Trust	18,979.59
5.	Bajaj Allianz General Insurance Company Limited	18,644.75
6.	Serum Institute of India Ltd.	18,488.70
7.	Azim Hasham Premji	15,056.94
8.	Infosys technologies Limited	15,000.00
9.	Cairn India Limited	15,000.00
10.	Hindustan Zinc Limited	12,361.88

Debt to Capital ratio:

The Debt to Capital ratio prior to this Issue is based on a total outstanding unconsolidated debt of ₹ 1,860,322.92 lakhs and Capital amounting to ₹ 8,105,310.81 lakhs as on March 31, 2013. The Debt to Capital ratio post the Issue, (assuming subscription of Bonds aggregating to ₹ 5,00,000 lakhs) would be 0.29 times, and is based on a total outstanding debt of ₹ 2,360,322.92 lakhs and Capital of ₹ 8,105,310.81 lakhs as on March 31, 2013.

(₹ in lakhs)

PARTICULARS	Pre-Issue	Post-Issue*
Debt		
Short term	1,681.79	1,681.790
Long term	1,858,641.13	2,358,641.13
Total Debt	**1,860,322.92**	**2,360,322.92**
Shareholder's Funds		
Capital		
i) Capital u/s 12(i)(b) - Commencing Capital		
ii) Capital u/s 17		
a) Capital Base	80,100.00	80,100.00
b) Cess Fund	5,599,636.00	5,599,636.00
Add : Received during the Year	600,300.00	600,300.00
c) Additional Budgetary Support (NHDP)	259,701.00	259,701.00
d) Additional Budgetary Support (Others)	376,584.00	376,584.00
e) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618,355.88	618,355.88
f) Additional Budgetary Support (Plough back of Toll Remittance,etc.)	609,289.00	609,289.00
Less: 1) Expenditure on Toll Collection Activities (wef. 01.04.2010)	(34,248.57)	(34,248.57)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. 01.04.2010).	(45,605.35)	(45,605.35)
Total	**8,064,111.97**	**8,064,111.97**
Reserves & Surplus	**41,198.84**	**41,198.84**
Total Shareholder's Funds	**8,105,310.81**	**8,105,310.81**

Long term Debt/Equity Ratio(No. of times)=Long term Debt/Total Shareholder's Funds	0.23	0.29
Debt Capital Ratio (No. of times)= Total Debt/Total Shareholder's Funds	0.23	0.29

* *Assuming that entire amount allocated through the CDBT Notification being ₹ 5,00,000.00 lakhs (including ₹ 1,30,160 lakhs raised by way of private placement of tax free bonds allotted on November 25, 2013) will be fully subscribed and there is no change in our shareholders' funds, long and short term debt.*

*For details on the total outstanding debt of NHAI, please refer to the section titled "**Financial Indebtedness**" beginning on page 108 of this Shelf Prospectus.*

Details of Share Capital history as on last quarter end.

NHAI is constituted under the NHAI Act and is therefore not a company. Thus, NHAI does not have any share capital.

Changes in the capital structure as on last quarter end.

NHAI is constituted under the NHAI Act and is therefore not a company. Thus, otherwise as provided herein above there are no changes in the capital structure.

Details of any Acquisition or Amalgamation in the last one year.

NHAI has not entered into any acquisition or amalgamation in the last one year.

Details of any Reorganisation or Reconstruction in the last one year.

NHAI has not done any reorganization or reconstruction in the last one year.

Details of Shareholding as on last quarter end.

NHAI is governed by the NHAI Act. Accordingly, NHAI does not have a shareholding pattern and only has members as prescribed under the NHAI Act. For further details, refer to "***Our Management***" on page 96 of this Shelf Prospectus.

Top 10 holders of equity shares.

NHAI is a body corporate constituted under the NHAI Act and therefore does not have any equity shares.

OBJECTS OF THE ISSUE

As authorised under the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Issuer during the Fiscal 2014 shall not exceed ₹ 5,00,000 lakhs. The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2014 by its resolution by circulation dated November 13, 2013. In pursuance of CBDT Notification, the Issuer has raised ₹ 1,30,160 lakhs through private placement of bonds. The Issuer proposes to raise balance amount of upto ₹ 3,69,840 lakhs through the issue of bonds under one or more tranches prior to March 31, 2014.

Utilisation of Issue Proceeds

The objects of NHAI as specified in NHAI Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue. NHAI intends to deploy the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highway projects as approved by the GoI.

Further, in accordance with the SEBI Debt Regulations, NHAI will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management as NHAI. Further, NHAI is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management' though we do have shareholding interest in certain Special Purpose Vehicles which are engaged in area specific development of port roads.

Interim Use of Proceeds

The Members of the Authority, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Authority intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or Bond Committee thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Members of the Authority shall monitor the utilisation of the proceeds of the Issue. For the relevant fiscal years commencing from Fiscal 2014 we shall disclose in our financial statements, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. We shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security as stated in this Shelf Prospectus in the chapter *"**Terms of the Issue**"* on page 123 of this Shelf Prospectus and upon the listing of the Bonds.

Proposed Issue Expenses

A portion of the Issue proceeds will be used towards Issue expenses. The following are the Issue expenses:

(₹ in lakhs, except for percentage)

Particulars	Amount	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Registrar to the Issue	[•]	[•]	[•]
Legal Advisor	[•]	[•]	[•]
Bond Trustee	[•]	[•]	[•]
Lead Managers' Fee, , Selling and Brokerage Commission, SCSB processing fee	[•]	[•]	[•]

Particulars	Amount	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Advertising and Marketing	[•]	[•]	[•]
Printing and Stationery cost	[•]	[•]	[•]
Stock Exchange Fee	[•]	[•]	[•]
Auditors Fee	[•]	[•]	[•]
Other Miscellaneous Expenses i.e. NSDL/CDSL etc.	[•]	[•]	[•]
Total	[•]	[•]	[•]

NHAI shall pay processing fees to the SCSBs for ASBA forms procured by Members of the Syndicate/Trading Members and submitted to SCSBs for blocking the application amount of the Applicant, at the rate of ₹ [●] (inclusive of service tax) per Application Form procured. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

For the purpose of this Issue, the total issue expense shall not exceed 0.65% of the Issue Size.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible. Interpretation of provisions where under the contents of this statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961) the Central Government vide Notification NO. 61/2013.F.No.178/37/2013-(ITA.1) dated 8th August, 2013 authorizes National Highway Authority of India(NHAI) to issue through a Public/Private Issue, during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds for the aggregate amount not exceeding ₹ 5,000 crore subject to the conditions as prescribed in the said notification.

(i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer

(ii) There shall be ceiling on the coupon rates based on the reference Government security (G-Sec) Rate:

(iii) The reference G-sec rate shall be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India (FIMMDA) on the daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placements.

(iv) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers (QIB's), Corporates and High Networth Individuals.

(v) In case the rating of the issuer entity is AA+, the ceiling rate shall be 10 basis points above the ceiling rate for AAA rated entities as given in clause (iv).

(vi) In case the rating of the issuer entity is AA or AA-, the ceiling rate shall be 20 basis points above the ceiling rate for AAA rated entities as given in clause (iv).

(vii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payment is altered to semi-annual, the interest rates shall be reduced by 15 basis points.

(viii) The higher rate of interest, applicable to retail individual investors, shall not be available in case the bonds are transferred by retail individual investors to non retail investors.

b) Section 10(15)(iv)(h) to be read with provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Further, as per Section 14 A(1), no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to said interest, being exempt.

Section 2(36A) of the IT Act defines "Public Sector Company" as any corporation established by or under any state Central, State, Provincial Act or a Government company as defined under section 617 of the Companies Act, 1956.

c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.

d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required. However interest on application money would be liable for TDS as well as tax as per present tax laws.

2. CAPITAL GAIN

a) Under Section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under Section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to Section 48 of Income tax act, 1961 benefits of indexation of cost of acquisition under second proviso of Section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered at a rate of 10% on listed bonds without indexation.

Securities Transaction Tax ("STT") is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹ 2,00,000 in case of resident individual/HUF, ₹ 250,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and ₹500,000 in case of resident super senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and at the option of assessee the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995.

Surcharge @ 10% of income tax if the total income exceeds 1 crore rupees in case of assessee other than corporates.

& 2% education cess and 1% secondary and higher education cess on the total income tax is payable.

b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para (a) above would also apply to such short-term capital gains.

c) Under Section 54 EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of Section 54 EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80 C of the I.T. Act.

For purpose of availing exemption from tax on Capital gains, The investment made in the notified bonds by an assessee in any financial year cannot exceed ₹ 50 lakhs.

d) As per the provisions of Section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bondholder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bondholder should not own more than one residential house other than the new asset, on the date of such transfer or purchase any residential house, other than the new asset, within a period of one year after the date of such transfer of construct any residential house, other than the new asset, within a period of three years after the date of such transfer on which the income is chargeable under " Income from House Property ". If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

e) Under Section 195 of Income Tax Act, Income Tax shall be deducted from sum payable to Non-Residents on long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

f) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the Act) realized byForeign Financial Institutions on sale of security in the Company would be taxed at the following rates as per Section 115AD of theAct.

- Short term capital gains- 30% (plus applicable surcharge and education cess)
- Long term capital gains- 10% without cost of indexation (plus applicable surcharge and education cess)

As per section 90(2) of the Act, the provision of the Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non resident. Thus, a non resident can opt to be governed by the beneficial provisions of an application tax treaty.

g) However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

3. Bonds held as Stock in Trade

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

4. Taxation on gift

As per section 56(2)(vii) (c) of the I.T. Act, in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;

B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration; shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received-

a) from any relative; or

b) on the occasion of the marriage of the individual; or

c) under a will or by way of inheritance; or

d) in contemplation of death of the payer or donor, as the case may be; or

e) from any local authority as defined in the Explanation to clause (20) of section 10; or

f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or

g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

C. PROPOSALS MADE IN DIRECT TAX CODE

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ("DTC Bill") on August 30, 2010. The DTC Bill is likely to be presented before the Indian Parliament in future. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

Disclaimer*: - Please note that our conclusions are based on the completeness and the accuracy of the above stated facts and assumptions. If any of the foregoing is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy and incompleteness could have a material effect on our conclusions. We are relying on the relevant provisions of the Income Tax Act, Income Tax Rules, Service Tax Provisions, Finance Act, Notifications, Circulars and administrative interpretation thereof, which are subject to change by subsequent legislative, regulatory, administrative or judicial decisions. Any such change could have an effect on the validity of our conclusions. Unless you specifically request otherwise, we will not update our advice for subsequent changes or modifications to the law and the regulations or to the judicial and administrative interpretations thereof. While we believe that our views above reflect reasonable interpretations of the various provisions, the same are not binding on any tax or other authority and consequently, the same should not be taken as assurance that the tax or other authorities will agree with our views.*

This certificate has been issued as per rate of tax prescribed by Finance Act, 2013 and the same may change with the enactment of next Finance Act.

For **Luthra & Luthra**
Chartered Accountants
Firm Regn. No. 002081N

Nilesh Mehta
Partner
(M. No. 093847)

Place: New Delhi

Dated: December 27, 2013

SECTION IV – ABOUT THE ISSUER

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section has been obtained or derived from publicly available documents prepared by various sources, including officially prepared materials by the GoI, its various ministries and from various multilateral institutions. This information has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

THE INDIAN ECONOMY

The Indian economy is the fourth largest economy in the world on the basis of GDP calculated on Purchasing Power Parity basis. It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing an investor-friendly environment through a liberalised policy framework spanning the whole economy.
(*Source: http://business.gov.in/indian_economy/index.php)*

In terms of overall growth GDP at factor cost at constant (2004-05) prices in the year 2012-13 is now estimated at ₹ 55,05, 437 crore (as against ₹ 55,03,476 crore estimated earlier on February 7, 2013), showing a growth rate of 5.0 percent over the first revised estimates of GDP for the year 2011-12 of ₹ 52, 43,582 crore.
(Source: Release by Press Information Bureau Ministry of Stastics And Programme Implementation Provisional Esimates of Annual National Income, 2012-13 and Quarterly Estimates Of Gross Domestic Product, 2012-13 dated May 31, 2013 http://mospi.nic.in/Mospi_New/upload/nad_pr_31may13.pdf)

Quarterly GDP at factor cost at constant (2004-05) prices for Q2 of 2013-14 is estimated at ₹ 13.68 lakh crore as against ₹ 13.05 lakh crore in Q2 of 2012-13, showing a growth rate of 4.8 per cent over the corresponding quarter of previous year
(Source: Ministry of Statistics and Programme Implementation, Press Note November, 2013 http://mospi.nic.in/Mospi_New/upload/PR_GDP_Q2_2013-14.pdf)

According to the Economic Advisory Council to Prime Minister, India's GDP at constant 2004-05 prices are projected to grow at 5.3% in the Financial Year 2013-14
(Source: Economic Outlook for 2013-14, http://pmindia.gov.in/getdoc.php?id=J88ZE7407.pdf)

GDP Growth – Actual & Projected at Constant 2004-05 prices

(All numbers in %)

Industry	2009-10	2010-11 P	2011-12 QE	2012-13 Rev AE	2013-14 Projected
Agriculture & Allied Activities	0.8	7.9	3.6	1.9	4.8
Industry	9.2	9.2	3.5	2.1	2.7
Services	10.5	9.8	8.2	7.1	6.6
Non Agriculture	10.1	9.6	6.6	5.5	5.4
Gross Domestic Product (Factor Cost)	8.6	9.3	6.2	5.0	5.3

(Source: Economic Outlook for 2013-14, http://pmindia.gov.in/getdoc.php?id=J88ZE7407.pdf)

Provisional Estimates of GDP at Factor Cost by Economic Activity (At 2004-05 prices)

(in ₹ Crores)

Industry	2010-11 (2nd RE)	2011-12 (1st RE)	2012-13 (PE)	Percentage change over previous year	
				2011-12	2012-13
1. agriculture, forestry & fishing	713,477	7,39,495	7,53,610	3.6	1.9
2. mining & quarrying	108,938	1,08,249	1,07,619	-0.6	-0.6
3. manufacturing	801,476	8,23,023	8,31,648	2.7	1.0
4. electricity, gas & water supply	92,773	98,814	1,02,918	6.5	4.2
5. construction	390,692	4,12,412	4,30,277	5.6	4.3
6. trade, hotels, transport and communication	1,345,660	14,40,312	15,32,034	7.0	6.4
7. financing, insurance, real estate & business services	849,632	9,48,808	10,30,684	11.7	8.6
8. community, social & personal services	634,358	6,72,469	7,16,645	6.0	6.6
9. GDP at factor cost	**4,937,006**	**52,43,582**	**55,05,437**	**6.2**	**5.0**

(Source: Minstry Of Statstics And Programme Implementation http://mospi.nic.in/Mospi_New/upload/nad_pr_31may13.pdf)

2nd RE: Second Revised Estimate; 1st RE: First Revised Estimate; PE: Provisional Estimate

GDP (factor cost 2004-2005 prices) in India has grown from ₹ 32,54,216.00 Crores for the year 2005-06 to ₹ 55,05,437 Crores (Provisional Estimate) for the year 2012-13. The compound annual growth rate (CAGR) for gross domestic product (GDP) at factor cost, over the decade ending 2012-13 is 7.9 per cent.
(Source:http://indiabudget.nic.in/es2012-13/echap-01.pdf).

INFRASTRUCTURE SECTOR IN INDIA

In developing countries, an essential requirement for economic growth and sustainable development is the provision of efficient, reliable and affordable infrastructure services, such as water and sanitation, power, transport and telecommunications. The availability of efficient infrastructure services is an important determinant of the pace of market development and output growth, and, in addition, access to affordable infrastructure services for consumption purposes serves to improve household welfare. In most countries, however, the potential contribution of infrastructure to economic growth and poverty reduction has not been fully realized, and existing infrastructure stock and services fall far short of the requirements.
(*Source: http://www.unctad.org/ en/docs/iteiit20061a6_en.pdf*)

Primarily, the sector includes the following:

i) Electricity (including generation, transmission and distribution) and R&M of power stations,
ii) Non-Conventional Energy (including wind energy and solar energy),
iii) Water supply and sanitation (including solid waste management, drainage and sewerage) and street lighting,
iv) Telecommunications,
v) Roads & bridges,
vi) Ports,
vii) Inland waterways,
viii) Airports,
ix) Railways (including rolling stock and mass transit system),
x) Irrigation (including watershed development),
xi) Storage,
xii) Oil and gas pipeline networks.

(Source: The Empowered Sub-Committee of the Committee on Infrastructure, http://infrastructure.gov.in/pdf/doi.pdf*)*

Projected Investment in Infrastructure - Twelfth Plan

(₹ Crores at Current Prices)

Sectors	Total Eleventh Plan	2012–13	2013–14	2014–15	2015–16	2016–17	Total Twelfth Plan
Electricity	728,494	228,405	259,273	294,274	333,470	386,244	1,501,666
Renewable Energy	89,220	31,199	42,590	58,125	79,075	107,637	318,626
Roads and Bridges	453,121	150,466	164,490	180,415	198,166	221,000	914,536
Telecommunications	384,962	105,949	136,090	176,489	230,557	294,814	943,899
Railways	201,237	64,713	78,570	96,884	121,699	157,355	519,221
MRTS	41,669	13,555	17,148	22,298	29,836	41,322	124,158
Irrigation (incl. Watershed)	243,497	77,113	87,386	99,178	112,506	128,186	504,371
Water Supply and Sanitation	120,774	36,569	42,605	49,728	58,084	68,333	255,319
Ports (+ILW)	44,536	18,661	25,537	35,260	49,066	69,256	197,781
Airports	36,311	7,691	10,716	15,233	21,959	32,116	87,714
Oil and Gas pipelines	62,534	12,211	16,604	23,833	36,440	59,845	148,933
Storage	17,921	4,480	6,444	9,599	14,716	23,202	58,441
Grand Total	**2,424,277**	**751,012**	**887,454**	**1,061,316**	**1,285,573**	**1,589,308**	**5,574,663**
Centre	856,717	250,758	280,662	315,217	354,296	400,129	1,601,061
States	680,056	206,944	230,045	255,645	283,201	313,928	1,289,762
Private	887,504	293,310	376,747	490,455	648,077	875,251	2,683,840
Grand Total	**2,424,277**	**751,012**	**887,454**	**1,061,316**	**1,285,573**	**1,589,308**	**5,574,663**

(Source: Planning Commission, http://planningcommission.nic.in/plans/planrel/12thplan/pdf/vol_1.pdf))

The projections presented in the table above suggests that the economy will enter the Twelfth Plan in a much stronger position as far as infrastructure is concerned than existed at the start of the Eleventh Plan. The total investment in infrastructure sectors in the Twelfth Plan is estimated to be ₹ 55.7 lakh crore. The share of private investment in the total investment in infrastructure rose from 22 per cent in the Tenth Plan to 36.61 per cent in the Eleventh Plan. It will have to increase to about 48.14 per cent during the Twelfth Plan if the infrastructure investment target is to be met.

Traditionally, infrastructure development used to occur through the public sector. However, given the scarcity of public resources, and the need to shift scarce public resources into health and education, efforts have been made to induct private participation in the development of infrastructure. These efforts have met with a fair degree of success. As of 31 March 2012, 390 PPP projects have been approved involving an investment of ₹ 3,05,010 crore.

(Source: paragraph 1.87 and paragraph 1.88 of volume I of Twelfth Five Year Plan http://planningcommission.nic.in/plans/planrel/fiveyr/12th/pdf/12fyp_vol1.pdf)

Infrastructure & Budgetary Analysis 2013-14

The GoI, has made the following key provisions for the Infrastructure Sector in its annual budget 2013-14 in order to promote and strengthen the Indian Infrastructure Sector:

A number of steps to mobilize investment have been announced in the Budget keeping in view that as per 12th Plan the private sector will share 47 percent of Rs 55,00,000 crore investment in infrastructure.

- Some institutions will be allowed to issue tax - free bonds up a total sum of ₹ 50,000 crore (as against ₹ 25,000 crore in 2012-13).
- Infrastructure Debt Funds (IDF) will be encouraged.
- India Infrastructure Finance Corporation (IIFCL) will offer credit enhancement to infrastructure companies that wish to access the bond market to tap long term funds.
- Assistance of the World Bank and Asian Development Bank will be sought to build roads in the North Eastern States and connect them to Myanmar.
- The corpus of Rural Infrastructure Development Funds (RIDF) is proposed to be raised to ₹ 20,000 crore.

- A sum of ₹ 5,000 crore will be made available to NABARD to finance construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce.
- That a regulatory authority is being constituted for the road sector.
- A company investing ₹ 100 crore or more in plant and machinery during the period 1.4.2013 to 31.3.2015 will be entitled to deduct an investment allowance of 15 percent of the investment (in addition to depreciation).

(Source: Press Information Bureau, February 28, 2013, http://pib.nic.in/archieve/others/2013/feb/d2013022806.pdf)

Foreign Direct Investment (FDI) Policy

The FDI regime has been progressively liberalized during the course of the 1990s (particularly after 1996) with most restrictions on foreign investment being removed and procedures simplified. With limited exceptions, foreigners can invest directly in India, either wholly by themselves or as a joint venture. India welcomes FDI in virtually all sectors, except those of strategic concern such as defense (opened to a limited extent), and atomic energy and activities/sectors not opened to private sector investment. The major source of FDI in India is through the equity route, which accounted for approximately 67% of the total FDI inflows in India during the period April 2000 to November 2012. (*Source: Guidelines for Investment in Road Sector, January 2013)*

FDI in Infrastructure

Barring domestic airlines, 100% FDI under the automatic route is now permitted in all infrastructure sectors. However, the restriction on FDI in Domestic Airlines is not applicable to NRI's. NRI's are permitted to invest, through FDI, upto 100% in the domestic airlines. FDI under the automatic route is permitted up to 49% - 100% for various services in the aviation sector. In telecom sector FDI is permitted upto 100% including 49 % through automatic route and the rest through FIPB.

(Source: Department of Industrial Policy and Promotion, website: www.dipp.nic.in)

Routes for Foreign Direct Investment

- **Automatic Route -** No prior Government approval is required if the investment to be made falls within the sectoral caps specified for the listed activities. Only filings have to be made by the Indian company with the concerned regional office of the Reserve Bank of India ("RBI") within 30 days of receipt of remittance and within 30 days of issuance of shares.

- **FIPB Route -** Investment proposals falling outside the automatic route would require prior Government approval. Foreign Investment requiring Government approvals are considered and approved by the Foreign Investment Promotion Board ("FIPB"). Decision of the FIPB is usually conveyed in 4-6 weeks. Thereafter, filings have to be made by the Indian company with the RBI.

- **CCEA Route -** Investment proposals falling outside the Automatic Route and having total foreign equity inflow of more than ₹ 12,000 million (USD 240 million) would require prior approval of Cabinet Committee of Economic Affairs("CCEA") after obtaining the FIPB approval. Decision of CCEA is usually conveyed in 8-10 weeks. Thereafter, filings have to be made by the Indian company with the RBI. Investment proposals falling within the automatic route and having total foreign equity inflow of more than ₹ 12,000 million do not require to be approved by CCEA.

  (Source: "Guidelines for Investment in Road Sector", January 2013).

ROAD SECTOR

Road network provides the arterial network to facilitate trade, transport, social integration and economic development. It is used for the smooth conveyance of both people and goods. Transportation by road has the advantage over other means of transport because of its easy accessibility, flexibility of operations, door-to-door service and reliability. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports

Currently, India , having one of the largest road networks of 46.90 lakh km, consists of National Highways, Road Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads with the following length distribution:

National Highways/Expressways	79,116 km
State Highways	1,55,716 km
Other Roads	44,55,010 km

(Source: http://morth.nic.in/writereaddata/linkimages/English%20Part%201-2878683332.pdf)

Passenger and freight movement in India over the years have increasingly shifted towards roads vis-a-vis other means of transport. Indian roads carry 60% of the total goods and 85% percent of the passenger traffic. Highways/Expressways constitute about 2% of all roads and carry 40% of the total road traffic.

Administrative Framework

The road sector in India is a concurrent subject. The jurisdiction of Central Government is limited to National Highways, while the jurisdiction of State Governments is across State Highways, Major District Roads, Village Roads and Other Roads. At the Central Level, the overall policy, programme development and planning is done by the Planning Commission in consultation with the Ministry of Road Transport and Highways (MoRTH) and Ministry of Rural Development (MoRD). At the State Level, the overall policy and programme development and resource planning is done by the State Planning Cell in consultation with Central Planning Commission and State Ministry in charge of Roads.

Administrative Framework by Category of Roads

Road Network	Coordinating Agency	Connectivity To
Expressways	Ministry of Road Transport and Highways (MoRTH), National Highway Authority of India (NHAI) and State Road Development Corporations	State capitals and tier 1 cities
National Highways	MoRTH, NHAI, BRO (Border Roads Organisation)	Union capital, state capitals, major ports, strategic locations
State Highways	State Public Works Departments (PWDs)	State capitals, district centres, important towns, national highways, other states
Major District Roads	State PWDs	State Capitals, district centres, important towns, national highways
Rural and Other Roads	Ministry of Rural Development (MoRD)	Production centres, markets, highways, railway stations etc.
Project Roads	State PWDs/Project Organisations	Projects like irrigation, power, mines, etc
Urban Roads	Municipal Corporations	Intra city networking
Village Roads	Zilla Parishads/State Governments	Villages, district roads, highways, railway stations, riversides etc

(Source: "Guidelines for investment in Road Sector", January, 2013)

International Comparison of Road Network

Road networks across countries can be compared in terms of road density (length of road per square km of area) so that the size effect may be neutralized. However, it is expected that smaller countries would have higher road density than those with considerably larger size. Accordingly, the geographic coverage of India's highway network at 1.42 km of road length per square km of land is denser than that of USA (0.67 km/sq km), and much higher than that of China (0.40 km/sq. km) and Brazil (0.21 km/sq. km). In India, expressways/motorways are around 227 km, while China's highway network consists of over 65,055 km of access controlled expressway, linking the major cities.

Major Road Indicators Across Select Countries

Major Road Indicators across Select Countries					
Counrtry	Road Density (Km/Sq.km)	Share of Paved Road (%)	Road Lenth in Kilometer		
			Total	Motorways	National Highways
Brazil	0.21 (2004)	N.A.	17,51,868 (2004)	0	93,071 (5.31)
China	0.40 (2009)	53.50 (2008)	38,60,823 (2009)	65,055 (1.69)	59,462 (1.54)
France	1.73 (2009)	100.00 (2009)	9,51,260 (2009)	11,240 (2009)	9,020 (2009)
India	**1.42 (2011)**	**53.83 (2011)**	**46,90,342 (2011)**	**227 (0.005)**	**70,934 (1.51)**
Japan	3.20 (2009)	80.11 (2009)	12,07,867 (2009)	7.642 (0.63)	54,790 (4.54)
Korea, Republic	1.05 (2009)	79.25 (2009)	1,04,983 (2009)	3.776 (3.60)	13,819 (13.16)
Russian Federation	0.06 (2009)	80.06 (2007)	9,82,000 (2009)	N.A.	N.A.
South Africa	0.30 (2001)	17.30 (2001)	3,64,131 (2001)	239 (0.07)	2887 (0.79)
United Kingdom	1.72 (2009)	100.00 (2009)	4,19,665 (2009)	3,674 (0.88)	49,032 (11.68)
United States of America	0.67 (2009)	100.00 (2009)	65,45,839 (2009)	75.643 (1.16)	19,857 0.30)

(Source: Minstry of Statstics and Programme Implementation)

Expansion of Road Network vis-à-vis growth in Motor Vehicles

Burgeoning population and increasing vehicular penetration /traffic density are placing increasing demands on expansion of the road networks in India. The growth of road network has not kept pace with the growth in the number of registered vehicles . While the number of registered motor vehicles has grown at a CAGR of 10.6 per cent between 1951 and 2011, the growth in the road network during the same period was 4.2 per cent. During the last decade, 2001 to 2011, the number of registered motor vehicles recorded a CAGR of 9.9 per cent, while the road network increased at a CAGR of 3.4 per cent

Compound Annual Growth Rates (in %) of Registered Motor Vehicles and Road Length: 1951 to 2011

Period	Vehicles						Roads					
	Two Wheelers	Car, Jeeps & Taxis	Buses	Good Vehicles	Other*	Total	NHs	SHs & OPWD	Rural	Urban	Projet	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
2011/1951	14.5	8.1	6	7.6	14.1	**10.6**	2.1	3.2	4.4	-	-	**4.2**
1961/1951	12.5	6.9	5.3	7.4	26.5	**8.1**	1.9	4.0	-0.5	-	-	**2.7**
1971/1961	20.7	8.2	5.1	7.4	15.0	**10.9**	0.0	2.6	6.0	4.5	-	**5.7**
1981/1971	16.3	5.4	5.6	4.9	18.1	**11.2**	2.9	4.5	5.9	5.5	3.5	**5.0**
1991/1981	18.4	9.8	7.4	9.4	10.9	**14.8**	0.6	2.1	7.2	4.3	1.2	**4.6**
2001/1991	10.5	9.1	6.7	8.1	8.6	**9.9**	5.5	3.1	4.6	3.0	0.6	**3.8**
2011/2001	10.2	10.5	6.9	9.1	8.0	**9.9**	2.1	3.0	3.4	5.0	2.6	**3.4**

***: Other include tractors, trailers, three wheelers (passenger vehicles)/LMV and other miscellanoues vehicles which are not separately classified)**

(Source: Minstry of Statstics And Programme Implementation)

The Indian automobile industry is also booming and this is placing a huge demand for road infrastructure. According to the figures from the Society of Indian Automobile Manufacturers (SIAM) domestic car sales have increased in 2012-2013 i.e. to about 17,815,618 from 17,376,624 a year earlier i.e. a double digit increase over the previous year. It has led the Government set up targets of building an average of 20 kms of roads per day

(Source: BK Chaturvedi Committee Report, 2009). However, meeting these targets is imperative in accompanying the growing pace of the country. Therefore, the Indian Government has adopted the PPPs model for financing the projects as merely budgetary support was inadequate to assist the required growth. This has opened up business opportunities with attractive profitability with added benefits. Today the private sector involvement is driving the road sector and projects are offered on a Build, Operate and Transfer (BOT) basis. The projects are awarded through a competitive bidding process and after taking into consideration range of factors including companies' track records and their relevant financial and technical expertise. The advantages of securing these contracts are numerous – with the main incentive of owning the road for up to 30 years. This means companies have the right to collect and retain toll monies for that period – and the profitability of tolled National Highways has made the sector extremely competitive. Toll collection depends on traffic volume and toll rates, which are pre-specified by NHAI. The Government also has first preference to BOT toll projects because of the massive forecasts for traffic growth. To make the projects commercially viable, companies can get up to 40% provision of capital subsidy of the project. They also receive 100% tax exemption in any ten consecutive years, out of the first 20 years of the project. The Government also covers all extra expenses relating to land acquisition and pre-construction activities and offers easier external commercial borrowing.

Government Initiatives

For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. GoI has launched major initiatives to upgrade and strengthen National Highways and has taken up NHDP.

National Highways Development Programme (NHDP)

The NHDP – the largest highway project ever undertaken by the country, which is being implemented by the NHAI, consists of the following components:

- NHDP Phase-I: Four laning of 7,522 km at an approved cost of ₹ 30,30,000.00 lakhs in December, 2000 and NHDP Phase-II: Four laning of 6,647 km at an approved cost of ₹ 34,33,900 lakhs in December, 2003. These two phases comprise of Golden Quadrilateral (GQ), North-South and East-West Corridors (NS-EW), Port Connectivity and other projects. The GQ (5,846 km) connects the four major cities of Delhi, Mumbai, Chennai and Kolkata. The NS-EW Corridors (7,142 km) connect Srinagar in the North to Kanyakumari in the South, including spur from Salem to Kochi and Silchar in the East to Porbandar in the West.

- Government has approved upgradation of 12,109 km under NHDP Phase III at an estimated cost of ₹ 80,62,600.00 lakhs.

- Government in June 2008 has approved upgradation/strengthening of 5,000 kms of national highways to two lane with paved shoulders on BOT (Toll/Annuity) basis under NHDP Phase –IVA at a cost of ₹ 6,95,000 lakhs.

- Government in October 2006 has approved six laning of 6,500 km of national highways comprising 5,700 km of GQ and balance 800 km of other sections under NHDP Phase-V at a cost of ₹ 41,21,000 lakhs.

- Government in November 2006 has approved construction of 1000 km of expressways with full access control on new alignments at a cost of ₹16,68,000 lakhs under NHDP-Phase-VI.

- Government has approved construction of ring roads, bypasses, grade separators, flyovers, elevated roads and tunnels at a cost of ₹16,68,000.00 lakhs under the NHDP Phase-VII.

SPECIAL ACCELERATED ROAD DEVELOPMENT PROGRAMME FOR NORTH EASTERN REGION (SARDP-NE) – Accelerated Road Development Programme for the North East Region

The Accelerated North-East Road Development Project has been approved, which will mainly provide connectivity to all the State capitals and district headquarters in the north-east. The proposal would include upgrading other stretches on NH and state highways considered critical for economic development of the north-east region.

It envisages improvement of road connectivity to the State Capitals with District Headquarters in the North Eastern region. The proposed programme includes improvement of 10,141 km of roads comprising National Highways (4,798 km) and State roads (5,343 km), to be implemented under Phase ‘A’, Phase ‘B’ and Arunachal Pradesh Package for Roads & Highways.

Phase-A now consists of improvement of 2,041 km of National Highways and 2,058 km of State Roads. Phase-B has now been modified to cover 2 laning of 1285 km of NHs and 2 laning/improvement of 2,438 kms of State roads. Arunachal Pradesh Package of Roads and Highways covering 2319 Km of Road Stretch was approved by the government as part of the of the SARDP-NE on 09.01.2009. Out of this 776 Kms. has been approved by the government for execution under Bot (Annuity) basis and for the remaining 1543 Kms.approval for tendering under EPC basis has been given.
(Source:MoRTH Annual Report for FY 2012-13 http://morth.nic.in/writereaddata/linkimages/English%20Part%201-2878683332.pdf)

Institutional Initiatives

Steps have been taken for restructuring and strengthening of NHAI, which is the implementing agency for the National Highways programme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being provided for traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives should be able to deliver an efficient and safe highway network across the country.

In order to specify the policy and regulatory framework on a fair and transparent basis, a Model Concession Agreement (MCA) for PPPs in national highways has been mandated. It is expected that this common framework, based on international best practices, will significantly increase the pace of project award as well as ensure an optimal balance of risk and reward among all project participants.

B. K. Chaturvedi Committee Report

In order to resolve procedural impediments to the National Highways projects as well as the need to take a holistic look at the financing needs and arrive at a financing plan that balances the needs of road sector the GoI established the B. K. Chaturvedi Committee (“Committee”) headed by Shri B.K.Chaturvedi, Member Planning Commission. Amongst the other recommendations on the model tender documents, the Committee came out with following recommendations and in-principal approval of the GoI was accorded *vide* its office memorandum no. RW/NH/37012/26/2009-PPP, dated November 5, 2009:

a. Issuance of Tax exempted bonds.
b. Guarantee cover to the Borrowing Plan of NHAI.
c. Out of the borrowing approval of ₹ 30,00,000.00 lakhs earlier provided to Indian Infrastructure Finance Company Limited (IIFCL), ₹ 10,00,000.00 lakhs under the fiscal stimulus package will be transferred to the NHAI, as per the its borrowing requirement.
d. Assistance in negotiating non-sovereign multilateral loans from World Bank, ADB, JBIC etc. by providing back to back support, if necessary.
e. Providing a Letter of Comfort from Ministry of Finance confirming the availability of Cess at least till 2030-31.

Potential

Today the Road development is recognised as essential to sustain India's economic growth. The Government is planning to increase its spending on road development substantially with funding already in place based on a cess on fuel. A large component of highways is to be developed through public-private partnerships. Several high traffic stretches have already been awarded to private companies on a BOT basis. Investment opportunities exist in a range of projects being tendered by NHAI for implementing the NHDP - contracts are for construction or BOT basis depending on the section being tendered.
(Source: http://infrastructure.gov.in/highways.htm)

Key Players

Historically, investments in the infrastructure sector, particularly in the highways, were being made by the Government mainly because of the large volume of resources required, long gestation period, uncertain returns and various associated externalities. The galloping resource requirements and the concern for managerial efficiency and consumer responsiveness also have led in recent time to an active involvement of the private sector.

To encourage private sector participation, Government has announced several incentives like tax exemptions, duty free import of road building equipments and machinery etc. It has been decided that all the sub-projects in NHDP phase-III to Phase-VII would be taken up mainly on Public Private Participation (PPP) route following either Build Operate and Transfer (BOT) toll mode or BOT (Annuity) mode.
(Source: MoRTH Annual Report for FY 2011-12 http://morth.nic.in/writereaddata/linkimages/English%20Part%201-2878683332.pdf)

OUR BUSINESS

OVERVIEW

NHAI is an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of Parliament titled - The National Highways Authority of India Act, 1988 (NHAI Act). NHAI was operationalised in February 1995 with the appointment of full time Chairman and other Members. The functioning of NHAI is governed by NHAI Act and rules, and regulations framed thereunder.

The main objects of NHAI are provided in NHAI Act as per which NHAI is responsible for the development, maintenance and management of the National Highway (NH) entrusted to it by the GoI and for matters connected or incidental thereto. Its functions include survey, development, maintenance and management of the NH and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways entrusted to it, to regulate and control plying of vehicles, to develop and provide consultancy and construction services and to collect fees for services and benefits rendered in accordance with Section 16 of NHAI Act. It was established with a vision to meet the nation's need for the provision and maintenance of a NH network in line with global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic well being and quality of life of the people. For more details, please refer to chapter "***History, Main Objects and Certain Corporate Matters"*** on page 87 of this Shelf Prospectus.

NHAI's initial mandate was limited to only a few projects undertaken with the assistance of Asian Development Bank (ADB) and the Japanese Board of Industry and Commerce (JBIC). Subsequently, in 1998, the GoI announced the NHDP comprising mainly of the Golden Quadrilateral linking the four metros and connectivity to major ports in the First Phase and the North-South & East-West corridors in the Second Phase.

Since its inception, the mode for implementation of projects under NHDP has undergone significant change. Initially, the implementation of NHDP was through EPC mode. However, since 2005, as a policy, the GoI had decided to implement projects on Public Private Partnership (**"PPP"**) mode (BOT Toll/Annuity or OMT). NHAI has played a significant role in developing approaches for PPP and actual implementation on a large number of projects. As on October 31, 2013, NHAI has awarded 188 BOT Toll based contracts at a total project cost of ₹ 15,995,386 lakhs and 51 BOT Annuity based contracts at total project cost of ₹ 3,028,666 lakhs through PPP mode.

NHAI has adopted a business model that relies on outsourcing of a number of activities including design, construction, supervision, operation and maintenance of NH, rather than undertaking all such activities through its own employees. This has thus helped NHAI in maintaining a lean organisational structure to facilitate faster operational decision-making. NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings. During the financial year 2012-13, a sum of ₹ 6,00,300 lakhs was received as Cess Funds. In addition ₹ 2,02,897 lakhs were received towards development of National Highways (original works).

STRENGTHS

- ***NHAI is nodal agency for development of NH Projects under NHDP and allied programmes approved by GoI***

  The nature and charter of NHAI makes it a nodal agency responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto. NHAI manages the development of NHDP under the mandate of MoRTH, GoI. NHAI infuses funds into immediate areas of development and enables private sector participation bringing about a healthy participatory economy. The PPP models vary from short-term simple management contracts (with or without investment requirements) to long-term and very complex BOT form, to divestiture.

- ***Track record of consistent operational performance and growth***

  We believe that we have an established track record of consistent growth. Following table enumerates our performance and growth in terms of our physical achievement:

Physical Achievement (kms)

FY	Award
2008-09	633.89
2009-10	3379.16
2010-11	5082.84
2011-12	6257.04
2012-13	1115.76

- ***Pioneering initiatives in the road sector in India***

  NHAI has initiated several innovative processes over the years which have been different from existing industry practices. These include performance based contracts with bonus and penalty provisions in both EPC (Engineering, Procurement and Construction) and PPP (Public Private partnership) projects which have led to improved construction and service quality in the contracts, peer review of DPRs (Detailed Project Reports) by consulting engineers selected from a panel of consultants, dispute resolution mechanism to speed up the process of dispute resolution, especially in EPC mode, umbrella state support agreements for various projects in a single state.

- ***Strategic role in GoI initiatives and established relationships with infrastructure sector participants.***

  We believe that we derive a strategic advantage from our strong relationship with the GoI and we occupy a key position in plans for the growth and development of the Indian highway sector. We have been involved in the development and implementation of various programmes, policies and structural and procedural reforms for the highway sector in India. We are also involved in various GoI programmes for the infrastructure sector, including acting as the nodal agency for the NHDP and other projects like Special Accelerated Road Development Programme for North East (SARDP-NE), and for other projects like Special Project in Madhya Pradesh, Maharashtra, Tamil Nadu and West Bengal, for which additional budgetary support is being provided by GoI.

- ***Economies of Scale***

  Given the scale of operations, and the constitution of NHAI, it benefits from large volumes in its commercial operations. Significant cost benefits accrue due to centralized decision making system with a delegated model for execution of the projects. Further, the basic feature of outsourcing in its contract management ensures that no backlogs of equipment, excess manpower, redundant assets etc are accumulated and hence large scale efficiencies and economies of scale are achieved by NHAI.

- ***Favorable credit rating and access to various cost-competitive sources of funds***

  We receive funds through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings. There is no servicing requirement on these sources of funds except interest bearing loans granted by GoI, loans from multilateral agencies and market borrowings. Therefore, the average of cost of capital is low. Further, CRISIL, CARE and BRICKWORK have assigned us the highest credit ratings of "CRISIL AAA/Stable", "CARE AAA", and "BWR AAA with Stable Outlook" respectively, for our long-term domestic borrowings. These ratings enable us to borrow funds at competitive costs.

- ***Experienced and committed management and employee base with in-depth sector expertise.***

  We believe that we have an experienced, qualified and committed management and employee base. NHAI has been modeled as a lean organisation to facilitate faster operational decision-making. The officers and staff are appointed as per the provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996, as amended. NHAI is one of the few organizations where people with extensive experience in the road & highway sector, finance sector etc. are appointed on deputation from various central, state services & departments/organizations to share their expertise. As on November 10, 2013, NHAI has a total strength of 1056 employees. NHAI also seeks specific services for supervision and administration of the civil contracts in FIDIC format and other formats approved by GoI. The selection of Supervision Consultant/Independent Engineer is done through rigorous international competitive bidding in order to select the most qualified personnel.

Further, monitoring of the projects is also done at the headquarters by Technical Divisions headed by a Member supported by CGM (Tech), GM (Tech), DGM (Tech) and Manager (Tech). The Financial decisions are generally taken in consultation with the Finance Division headed by Member (Finance) and supported by CGM (F&A), GM (F&A), DGM (F&A) and Manager (F&A). For further details please refer to chapter "***Our Management***" on page 96 of this Shelf Prospectus.

STRATEGIES

Our long term strategy is to meet the challenges of developing the nation by providing an unparallel network of physical connectivity for the common man, for the commercial transportation and for other heavy industrial use. These challenges will be met through the following areas of strategic focus:

- ***Decentralize the field level decisions and activities and strengthen field level operations of NHAI***

  Consequent to the approval accorded by the GoI for restructuring, NHAI has taken initiative to establish various Regional Offices headed by CGM level officer for regular monitoring and effective coordination with State authorities. In this regard, adequate powers have been delegated to the Regional Offices. Additional posts of Chief General Managers have been created. The Authority has been empowered to engage, where required, outside experts (with relaxation of age if needed) specifically for the posts of Financial Analyst, Transport Economist, Contract Management Specialist and Legal Expert, on compensation to be determined by the Authority in line with the experience and availability of the appropriate personnel.

- ***Renewed focus on strengthening core processes for NHDP implementation and management***:

  NHAI as an organization is now moving to a growth phase in its life cycle. In this phase, it is extremely important for the organization to standardize and prepare guidelines, strengthen its audit and review processes and monitor its systems. Besides reviewing its internal processes, it also needs to establish new processes to strengthen its outsourcing mechanism. One of the key focus areas for NHAI would be to institutionalize knowledge and best practices on various aspects of the project cycle and leverage the same to shorten the project cycle time. These illustratively include:

  - Preparing guidelines comprising of best practices of land acquisition and preconstruction activities adopted in different states.
  - Adopting good practices of Resettlement and Rehabilitation (R&R) including those adopted for externally aided projects.
  - Preparing guidelines and standardized procedures/formats for seeking approvals related to change in scope and extension of time (which could be included in the contract itself).

  To strengthen existing systems and initiate new processes/practices in different stages of the project life cycle NHAI has shifted substantially to an e-procurement system and a web based database for various service providers. This facilitates NHAI's internal learning process related to approvals and the knowledge obtained is leveraged for attaining further competency in achieving its objectives.

- ***Outsource and leverage external expertise***

  NHAI has in the past adopted the outsourcing model very effectively. With the scale and complexity of work, the organisation shall extend this model to newer areas which include land acquisition where augmenting of human resources at the project site is required and also hiring of retired State Government officials and third party service providers. Further, designated officers may be appointed at State-level also to provide greater thrust to land acquisition.

- ***Strengthen audit and review process***

  With NHAI looking to outsource several activities and being dependent on the performance of a wide range of service providers, NHAI's strategy would be to invest in developing structures and systems to audit and review the performance of various service providers besides strengthening conventional financial related audits. NHAI's strategy in this area will include, strengthening in-house review process of designs prepared by consultants; bringing in greater involvement of NHAI project site and supervision consultants at an early stage; strengthening independent quality audits during construction stage for EPC (Engineering Procurement and Construction) and PPP (Public Private Partnership) projects and also capturing developments, and feedback surveys from various stakeholders (both external and internal) and data by other relevant agencies into the overall monitoring framework.

- ***Focus on a network wide approach for managing the highways under its purview.***

  An integrated approach focusing on an entire network rather than operational aspects of management of individual highway stretches is a key strategy area for NHAI. There are various elements that NHAI will focus on as a part of its integrated plan including asset management, revenue management, road safety, security management, traffic management and Intelligent Transport Systems.

- ***Enhancing focus on human resource within NHAI***

  With the inevitable increase in the scale and complexity of work in the future, significant strategy focus has to be on developing the human resources within NHAI not only in terms of numbers (sourcing) but also in terms of enhancing their overall productivity. However, the strategy plan needs to keep in perspective that currently NHAI predominantly operates with personnel on deputation with relatively shorter tenure.

- ***Developing strong institutional relationships with external stakeholders.***

  NHAIs strategy is to engage with a wide range of stakeholders for various aspects of its operations. These include, but are not limited to Central Government, Planning Commission, State and Local Government, Implementing authorities (Police, Health agencies),Contractors, Concessionaires, Consultants-Technical, Financial, Legal, Audit Firms, Financial institutions, investors Industry associations, academic institutions, Media, Multilateral and Bilateral funding agencies- World Bank, ADB, JBIC etc. It is imperative for NHAI to have strong relationships with various stakeholder categories as they can have significant influence on NHAI‘s effectiveness in performing its role. Some of the areas where NHAI is strengthening its institutional associations are: Pre-construction activities and State Support Agreement- with various State Governments to streamline land acquisition, utility shifting, approval related activities pertaining to the State Government.

- ***Greater thrust on IT***

  Another important change driver for NHAI is the rapid advancement in information technology in various aspects of highway development and management. NHAI in the past has used technology and knowledge management tools only to a limited extent. Significant thrust on technology is envisaged to be one of the important strategies for NHAI in its corporate plan. The strengthening of the IT system is proposed to be carried out in the near future.

OUR PROJECTS

NHs is the arterial roads of the country for inter-state movement of passengers and goods. They traverse the length and width of the country connecting the National and State capitals, major ports and rail junctions and link up with border roads and foreign highways. The total length of NH in the country at present is 79,116 km as per the MoRTH, Annual Report 2012-13. While highways/ expressways constitute only about 2% of the length of all roads, they carry about 40% of the total road traffic.

NHAI is the nodal agency for development of NH Projects under NHDP and allied programmes approved by GoI such as SARDP-NE & Special Projects in MP, Maharashtra, Tamil Nadu, West Bengal, Haryana, Delhi, Rajasthan & UP. As on October 31, 2013, out of total 49,329 Km. of national highway that were planned to be developed/upgraded by NHAI, 33,656 Km of national highway have been awarded, of which 21,386 Km. have been completed and 12,269.50 Km. are in progress. Projects for 15,673 Km. are yet to be awarded.

	Total (Km)	4/6 Laned (km.)	Under Implementation		Balance for Award (Km.)
			Km.	Contracts (No.)	
GQ	5,846	5,846 (100.00%)	0	0	-
NS & EW Corridors	7,142	6,177	593	53	372
Port Connectivity	380	374	6	2	0
Other NHs	1,390	1,156	214	4	20

	Total (Km)	4/6 Laned (km.)	Under Implementation		Balance for Award (Km.)
			Km.	Contracts (No.)	
NH (O)	69	16	53	2	-
SARDP-NE	388	69	43	2	276
NH-34	5.5	-	5.5	1	-
NHDP Phase					
III	12,109	5,750	4,674	88	1,685
IV	14,799	324	4,233	35	10,242
V	6,500	1,653	2,428	28	2,419
VII	700	21	20	2	659
TOTAL	**49,328.5**	**21,386**	**12,269.50**	**217**	**15,673**

Construction of Expressways under NHDP Phase VI

GoI has approved construction of 1000 km of Expressway under NHDP Phase-VI at a cost of ₹ 16,68,000 lakhs on design, bulid, finance, operate basis. NHDP Phase-VI is targeted for completion by December, 2015. The current status of Expressways is as under:

VADODARA-MUMBAI EXPRESSWAY (400 Km):

The alignment study of Vadodara – Mumbai expressway has been completed. The consultant has submitted the feasibility report. The final detailed project report has been submitted by the Consultant in December 2012.

DELHI-MEERUT EXPRESSWAY (66 Kms):

The length of the new alignment will be 61 KM. The alignment will start from Nizammudin Bridge [T point Km 00.00] from Delhi and will continue on existing NH-24 upto Dasna Km 30.38. From Dasna there will be completely a new alignment upto Meerut. The alignment will terminate on inner ring road / Meerut bypass near Railway crossing KM 66 at Meerut. The right of way will be 100 metre on new alignment and 90-100 metre on existing NH-24.

The alignment study of Delhi-Meerut Expressway has been completed. The final feasibility study is completed and Public Private Partnership Appraisal Committee document submitted to Ministry of Road Transport & Highways for approval.

BANGALORE-CHENNAI EXPRESSWAY (334 Kms):

The alignment study of Bangalore-Chennai Expressway is completed in July, 09. The consultant for feasibility study has been appointed. The agreement was signed on April 30, 2009 and the consultant has commenced the services in August, 2009. The draft feasibility report has been submitted. Alignment has also been finalized. Consent of the state Governments i.e. Karnataka, Andhra Pradesh and Tamil Nadu for the alignment has been received.

KOLKATA-DHANBAD EXPRESSWAY (277 Kms):

The alignment study of Kolkata-Dhanbad Expressway is completed in July, 09. The consultant for feasibility study has been appointed. The agreement is signed on July 3, 2009 and the consultant has commenced the services in August, 2009 after completion of alignment study. But, feasibility study could not be completed.

After completion of feasibility study, detailed land plan schedules along the alignments will then be prepared and the process of land acquisition will be initiated, which may take about two years.

Connectivity to Major Ports

In December, 2000, a mandate was given by the GoI to NHAI under NHDP Phase-I to upgrade the road connectivity to the major ports in the Country. As per the Government decision, cess money is not to be used for port connectivity projects. Port-road connectivity projects are being implemented by setting up Special Purpose Vehicles (SPVs) companies of NHAI wherein NHAI contributes up to 30% of the project cost as equity.

Following SPVs have been incorporated and registered with the Registrar of Companies, New Delhi for developing port connectivity projects:

Sl. No	Name of Port	Length (KM)	Implementation through (Name of the SPV)
1	Mormugao	18.3	Mormugao Port Road Company Limited.
2	Haldia	52.2	Calcutta-Haldia Port Road Company Limited.
3	(a) JNPT Package-I	30	Mumbai JNPT Port Road Company Limited.
	(b) JNPT Package-II	14.4	Mumbai JNPT Port Road Company Limited.
4	Vishakapatnam	12.5	Viskhapatnam Port Road Company Limited.
5	Chennai-Ennore	30	Chennai-Ennore Port Road Company Limited.
6	Cochin	10.4	Cochin Port Road Company Limited.
7	Tuticorin	47.2	Tuiticorin Port Road Company Limited.
8	Paradip	77	Paradip Port Road Company Limited.
9	New Mangalore	37.5	New Mangalore Port Road Company Limited.
	Total :	**329.500**	

In addition to above 9 projects, there are two more projects being implemented by NHAI to improve/ provide the Port Connectivity for Chennai Port Gate No.10 and ICTT Vallarpadam (Cochin) port having details as under:

Sl. No.	Name of Stretch/Port	Length (km)
1	Elevated Road from Chennai Port Gate No.10 to Maduravoyal (NH-4)	19.0
2	NH-47(Km. 337.15) (Cochin) to ICTT Vallarpadam (NH-47C)	17.2
	Total :	**36.2**

FINANCING

NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings.

The development and maintenance of National Highways is financed through, (i) Government's Gross Budgetary Support (GBS) and Additional Budgetary Support (ABS); (ii) Dedicated accruals under Central Road Fund (share in the levy of cess on fuel); (iii) Lending by international institutions (World Bank, ADB and JBIC); (iv) private financing through PPP framework including in DBFOT pattern – investment by private firm and return through levy and retention of user fee, BOT (annuity) pattern – investment by private firm and return through semi-annual pre-determined payments from NHAI as per bid, and special purpose vehicle with equity participation by NHAI; and (v) market borrowing (including funds raised through capital gain tax exemption bonds under section 54EC of the Income Tax Act and long term tax free bonds). During the year 2012-13, a sum of ₹ 6,00,300 lakhs was received as Cess Funds. In addition ₹ 2,02,897 lakhs were received towards development of National Highways (Original works).

- ***Approved Project Cost of NHDP (Excluding Interest During Construction and Escalations) (As on December, 2012)***

Phase	Particulars	Projected For(Kms)	₹ Crore
	Cess and Market Borrowings		18,846
NHDP-I	External Assistance		7,862
	BOT/SPV		3,592
	Total (At 1999 Prices)	**7,498**	**30,300**
	Cess and Market Borrowings		23,420
NHDP-II	External Assistance		7,609
	BOT/SPV		3,310
	Total (At 2002 Prices)	**6,647**	**34,339**

Phase	Particulars	Projected For(Kms)	₹ Crore
	Budgetary Support		12,809
NHDP-III	Cess and Market Borrowings		17,688
	BOT/SPV		50,129
	Total (At 2004 Prices)	**12,109**	**80,626**
NHDP-IV A	Private Sector		4,608
	Government Spending		2,342
	Total {At 2006 Prices)	**5,000**	**6,950**
NHDP-V	Cess and Market Borrowings		5,519
	BOT/SPV		35,691
	Total (At 2006 Prices)	**6,500**	**41,210**
NHDP-VI	Cess and Market Borrowings		7,680
	BOT/SPV		9,000
	Total (At 2006 Prices)	**1,000**	**16,680**
NHDP-VII	Cess and Market Borrowings		6,302
	BOT/SPV		10,378
	Total (At 2007 Prices)	**700**	**16,680**

(Source: Guidelines for investment in Road Sector, January, 2013)

Government Support

Government Support to NHAI primarily comes from the yearly budgetary allocations from the GoI.

Cess

The GoI has, under the Central Road Fund Act, 2000, created a non-lapsable dedicated fund for NHDP by levying cess on High-Speed Diesel and Petrol at the rate of ₹ 2.00 per litre out of which allocation for ₹ 1.50 per litre as under:

- 50% of the Cess collected from Diesel is for rural roads.

- Balance 50% Cess from Diesel and the entire Cess on Petrol, the allocation of funds for different categories of roads are as under:
  - 57.5% for NH
  - 12.5% for Road Over Bridges/Rail Over Bridges (to be constructed by Railways)
  - 30% for Roads other than NH

- The balance Cess at the rate of ₹ 0.50* per litre (levied in 2005-06) is allocated exclusively for NH. *(*Source: http://indiabudget.nic.in/ub2005-06/bs/speecha.htm)*

Market Borrowings-54 EC Bonds

In accordance with section 54 EC of Income Tax Act, 1961, NHAI is authorised to issue capital gain exemption bonds wherein eligible investors can claim exemption by investing the component of long-term capital gains (not the sale proceeds), either wholly or in part in these bonds, within six months of the transfer of the asset. The funds are mobilised on tap basis, have a maximum investment limit of ₹ 50 lakhs in one financial year for each eligible investor with a lock-in of 3 years from the deemed date of allotment. NHAI has been issuing this category of bonds since February 16, 2001 and has issued XIV series of such bonds so far.

For details on the amount outstanding on 54 EC bonds, refer page 108 of this Shelf Prospectus.

Loan assistance from multilateral agencies

NHAI is implementing some projects under NHDP with external assistance in the form of loan from multilateral development agencies like World Bank (WB), Asian Development Bank (ADB) and Japan Bank of International Cooperation (JBIC). The loans for NHAI projects tied up with these multilateral agencies, except for one ADB loan for Surat Manor projects, are passed on to NHAI by the GoI in Rupees as 80 % grant and 20

% loan. The loan component is repaid to the Government by NHAI and repayments to these agencies are in turn done by GoI.

The following table sets out the Externally Aided Projects of NHAI as at October 31, 2013:

Category	Awarded		Awarded Cost (₹ in Crore)	Completed	
	No. of Contracts	Length in km		No. of Contracts	Length in km
World Bank Funded Projects					
NHDP Phase **I**	18	983	5,538	18	982
GQ	18	983	5,538	18	982
Others	-	-	-	-	-
NHDP Phase **II** (EW Corridors)	10	408	2,587	10	409
Sub-Total A	**28**	**1,391**	**8,125**	**28**	**1,391**
ADB Funded Projects					
NHDP Phase **I**	10	615	1,866	10	615
GQ	9	567	1,807	9	567
Others	1	48	59	1	48
NHDP Phase **II** (NS & EW Corridors)	31	1,638	7,565	30	1,584
Sub-Total B	**41**	**2,253**	**9,431**	**40**	**2,199**
JBIC Funded Projects					
NHDP Phase **I**	7	150	634	7	150
GQ	5	111	333	5	111
Others	2	39	301	2	39
Sub-Total C	**7**	**150**	**634**	**7**	**150**
Grand Total (A+B+C)	**78**	**3,873**	**18,811**	**75**	**3,740**
WB/NHAI	**2**	**79**	**621**	**0**	**0**

(Source: http://www.nhai.org/MIS_October-2013/Summary_of_EAP_Projects.pdf)

NHAI also has a provision for providing grant upto 40% of the project cost to make projects commercially viable. However, the quantum of grant is decided on a case to case basis and typically constitutes the bid parameter in BOT projects. The disbursement of such grant is subject to the provisions of project concession agreements.

NHAI projects, with higher traffic volumes, have also received Negative Grant (upfront payment payable by successful bidder to NHAI) instead of grant/VGF as an outcome of the competitive bidding process. Further, under the revised MCA, projects under BOT/DBFOT framework have also been awarded on a revenue share/premium basis, where the bidder offering the highest revenue share/premium is awarded the project. These revenues are also ploughed back for the development and maintenance of National Highways.

Public Private Partnership in Highway Development

PPP is going to be the preferred mode of delivery for future phases of NHDP. While there are a number of forms of PPP, the common forms that are popular in India and have been used for development of NH are:

- Build, Operate and Transfer (Toll) Model
- Build, Operate and Transfer (Annuity) Model
- Operate, Maintain and Transfer (OMT) Model.

1. BOT (Toll)

Under the BOT (Toll) model, private developers/operators are awarded contracts/projects wherein they are entitled to collect and retain toll revenues for a certain tenure referred to as the concession period. The tolls are prescribed by NHAI on a per vehicle per km basis for different types of vehicles. The GoI in the year 1995 passed the necessary legislation on collection of toll. A Model Concession Agreement

(MCA) has been developed to facilitate speedy award of contracts. This framework has been successfully used for awarding contracts on the basis of BOT model. The MCA has been revised recently and current projects are being awarded under the revised MCA.

2. BOT (Annuity)

In the BOT (Annuity) model, the concessionaire bids for projects on the basis of annuity payments to be received from NHAI that would cover his cost (construction, operations and maintenance) and an expected return on the investment. The bidder quoting the lowest annuity is awarded the project. The annuities are paid semi-annually by NHAI to the concessionaire and linked to performance covenants. The concessionaire does not bear the traffic/tolling risk in these contracts.

3. Operate, Maintain and Transfer (OMT) Concession

NHAI has recently taken up award of select highway projects to private sector players under an OMT Concession. Till recently the task of toll collection and highway maintenance was entrusted to the tolling agents/operators and subcontractors respectively. These tasks have been integrated under the OMT concession. Under the OMT concession construction is done by an EPC contractor and once the construction is complete the private operators are appointed to collect tolls on these stretches for maintaining highways and providing essential services (such as emergency/safety services).

4. Engineering Procurement and Construction ("EPC") Contracts

EPC mode of construction is adopted for roads that are not viable on PPP basis. This mode is different from the conventional item rate contracts wherein the Government provided the detailed design along with the Bill of Quantities. The enhanced EPC mode assigns the responsibility for investigations, design and construction to contractors for a lump sum price through competitive bidding. Moreover, contractors are responsible for the maintenance during the Defect Liability Period, for a pre-defined percentage payment. Defect Liability Period is 5 years for major bridges and structures and 2 years for other parts of the road.

Incentives for Private Sector Participation

The Government has put in place appropriate policy, institutional and regulatory mechanisms including a set of fiscal and financial incentives to encourage increased private sector participation in road sector.

With a view to further augment flow of funds to the sector and to encourage private sector participation in the road sector, several initiatives have been taken by the Government which include:

- Declaration of the road sector as an industry;
- Provision of capital grants subsidy upto 40% of project cost to enhance viability of the projects on case-to-case basis.
- Duty-free import of certain identified high quality construction plants and equipments;
- 100% tax exemption in any consecutive 10 years within a period of 20 years after completion of construction provided the project involves addition of new lanes;
- Provision of encumbrance-free site for work, i.e. the Government shall meet all expenses relating to land and other pre-construction activities;
- Foreign direct investment upto 100% in road sector;

Bidding Process

General procedure for selection of concessionaires adopted by NHAI is a two-stage bidding process. Projects are awarded as per the model documents- Request for Qualification (RFQ), Request for Proposal (RFP) and concession agreement - provided by the Planning Commission NHAI amends the model documents based on project specific requirements. The two stage process involves:

Stage 1: Pre-qualification on the basis of technical and financial expertise of the firm and its track record in similar projects which meets the minimum criteria set out in the RFQ Document.

Stage 2: Commercial bids from pre-qualified bidders are invited through issue of RFP. For BOT-(Toll) projects the bid parameter is the premium offered to NHAI or the grant sought from NHAI. In BOT-(Annuity) projects the bid parameter is the semi annual annuity sought from NHAI.

The Government has put in place appropriate policy, institutional and regulatory mechanisms including a set of fiscal and financial incentives to encourage increased private sector participation in road sector.

Relationship with the Government

NHAI has relationships with the Government in several contexts as described below:

- *Government as the policy maker*
- *Statutory Powers of the Government over NHAI*
- *Government as the Lender*
- *Government as the Regulator*

Government as the policy maker

The development and maintenance of NH is fully financed by the Central Government as this function comes within Entry 23 of the Union List of the Seventh Schedule to the Constitution of India. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of NH shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. NHAI Act was passed providing for the constitution of an Authority for the development maintenance and management of NH and for matters connected therewith or incidental thereto.

The Central Government appoints the Chairman and may also appoint not more than four part-time members. The Central Government is empowered to vest in, or entrust to, NHAI such NH's or any stretch thereof, as are vested in the Government under section 4 of the NH Act. As per the provision of Act, the Central Government provides funds to NHAI for the discharge of its functions. Further to this, the fee collected by NHAI is on behalf of the Government, for services or benefits rendered by it under section 7 of the NH Act.

- ***Statutory Powers of the Government over NHAI***

  Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any national highway or stretch thereof to NHAI by publishing a notification in the Official Gazette. On and from the date of publication of the said Notification all assets, rights or liabilities of the Central Government in respect of the said national highway or stretch thereof stands transferred to NHAI including but not limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

- ***Government as the Lender***
  Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI.

  Section 18 of NHAI Act provides for constitution of a fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting *inter-alia* the expenses of NHAI on objects and for purposes authorized by this Act. Moreover, the Central Government *vide* its letter dated November 14, 2013 has conveyed its approval to NHAI to raise funds through the issue of debentures. The approval in the present issue of bonds has also been obtained *vide* CBDT Notification issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961). The Government support to NHAI comes primary in the form of yearly budgetary allocations, cess collected by the GoI under the Central Road Fund Act 2000 part of which is specially allocated for NH and capital infusion in the form of loans. For further details please refer to our chapter on "***Financial Indebtedness***" on page 108 of this Shelf Prospectus.

- ***The Government as the Regulator***

  All the NHs vests in the Union of India in terms of Section 4 of the NH Act. Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any NH or stretch thereof to NHAI by publishing a notification in the Official Gazette. NHAI Act under various sections confers the Central Government with powers to exercise control over the functioning of NHAI by promulgamation of rules made thereunder. More specifically, NHAI Act stipulates that NHAI shall remain bound by the directions of the Central Government on questions of policy. The Central Government is further empowered to temporarily divest NHAI from the management of any NH. The Central Government is further empowered to supersede NHAI if it is of the opinion that NHAI is unable to discharge the functions and its duties, persistently defaults in complying with any direction of the Central Government or if it so deemed necessary in this regard. The Central Government is further empowered to make rules for giving effect to the provisions of NHAI Act in certain matters which include but are not limited to matters relating to manner in which NHAI may invest its funds, maintain its accounts etc.

Risk Management

Steps have been taken for restructuring and strengthening NHAI, which is the implementing agency for the NH Programme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being provided for traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives should be able to deliver an efficient and safe highway network across the country.

In order to specify the policy and regulatory framework on a fair and transparent basis, a Model Concession Agreement (MCA) for PPPs in NH has been mandated. It is expected that this common framework, based on international best practices, will significantly increase the pace of project award as well as ensure an optimal balance of risk and reward among all project participants.

Revenue realization in BOT-Toll projects is subject to some key risks including, but not limited to variation in traffic, variation in toll rates, additional tollways, occurrence of premature termination on account of certain events. The concession agreement provides for various risk mitigation mechanisms including change in the concession period, differential toll rates that are linked to the cost of different roads structures under the new toll rules (linear alignment, bridges, tunnels, bypasses etc providing of termination payments under any force majeure event.

- ***Risk of Early Termination of Concession***: in the event of 'Concessionaires event of Defaults' specified in the concession agreement which the concessionaire has failed to cure within the specified cure period, and where no such cure period has been specified then within the cure period of 60 days, the concessionaire shall be deemed to be in default and NHAI shall have the right to terminate the agreement. If such default takes place within the construction period no payment is made to the concessionaire and if such default takes place during the operation period NHAI will only make payment to the extent of 90% of the debt due as on the date of such termination to the lender of the concessionaire, less insurance claim if any and NHAI will get the right over the asset.

- ***Land acquisition risk: NHAI is*** responsible for acquiring the requisite land for the project highways. NHAI acquires land under NH Act in various parts of the countries, process of land acquisition is affected by a large number of factors i.e. Government policies, social and political environment etc. and the same may cause delay in the overall process. Also, the process of land acquisition invokes a large number of litigation which may affect the large number of process. However, the risk of delay caused due to land acquisition process is managed by NHAI as it awards only those projects where acquisition has already taken place.

- ***Approval Risk***: As per the Concession Agreement/contracts, the obligation of obtaining approvals/ permissions is on the concessionaire/contractor. In order to manage these, NHAI provides assistance to the concessionaire/contractor for seeking the approval. Although NHAI endeavors to provide all reasonable support and assistance to the concessionaire in procuring applicable permits required from any Government instrumentality, the same may be delayed due to various reasons resulting in delay in completion of the projects. In order to avoid additional cost in terms of delay in approvals NHAI assists concessionaire in obtaining the following approvals:

i. Permission of the State Government for extraction of boulders from quarry;

ii. Permission of Village Panchayat and Pollution Control Board for installation of crushers;

iii. Licence for use of explosives;

iv. Permission of the State Government for drawing water from river/reservoir;

v. Licence from Inspector of factories or other competent authority for setting up Batching Plant;

vi. Clearance of Pollution Control Board for setting up Batching Plant;

vii. Clearance of Village Panchayats and Pollution Control Board for Asphalt Plant;

viii. Permission of Village Panchayat and State Government for borrow earth;

ix. Applicable Permits, as required, relating to environmental protection and conservation shall have been procured by the Authority as a Condition Precedent

x. Permission of State Government for cutting of trees; and

xi. Any other permits or clearances required under Applicable Laws.

- ***Force majeure risk***

  Force Majeure risk pervades all the business of NHAI. Factors like act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion, strikes or boycotts, the discovery of geological conditions, toxic contamination or archaeological remains on the Site, any event or circumstances of a nature analogous to any of the foregoing, direct/indirect political event, change in law always looms over the various projects carried by NHAI. In order to mitigate the losses due to Force Majeure NHAI has a separate mechanism of payment in case of occurrence of Force Majeure.

HUMAN RESOURCES

There are 1,056 employees in NHAI as on November 10, 2013. The employees include professionals in business management, accountancy, engineering, law, computer science, economics and other relevant disciplines. NHAI believes that its employees are the most valuable asset and the management has a good relationship with the employees. NHAI aims to develop a collaborative culture and ongoing consultative process at various levels of administration within the organization. NHAI believes that it has amicable relations with its employees and the management is also in constant dialogue with the employees to avoid any industrial relations issues, including strikes. The computerization of NHAI has reduced employee workloads and allowed NHAI to maintain a lean workforce during the past five to six years despite growing its business. The details of employees of NHAI as on November 10, 2013 are as follows:

Category of Employees	Number of Employees
Regular	221
Deputation	424
Contract	411

Social Awareness on National Scale

NHAI is an active agent of social reform on national issues such as Road Safety and Rehabilitation and Resettlement and AIDS awareness issues. In addition NHAI is engaged in social agenda to work towards the concept of 'Green Highways' in the future. For AIDS awareness, NHAI is already contemplating the following:

- Identifying high risk areas like roadside dhaba's, petrol bunks, temporary tents/colonies of migrant workers and inexpensive hotels/motels.
- Conducting AIDS awareness campaigns with assistance from NGOs operational in that area. Convey the associated risks and dangers of AIDS through discussion and roadside skit presentation formats.
- Making available appropriate medical aids and conducting special counseling sessions for all stakeholders in these areas.
- Providing medical assistance and guidance to the identified positive cases, so as to assist them with coping with the disease and preventing it to be spread further from them.

In furtherance of the concept of Green Highways, NHAI is contemplating development of horticulture and grebelts along highways.

INSURANCE

NHAI has obtained insurance from The Oriental Insurance Company Limited for its building at G-5 & 6, Sector 10, Dwarka, New Delhi-110075 against the risks like fire, terrorism, earth quake, loss of rent etc. The policy was taken vide policy number 215600/11/2014/220 and is valid between the period 00:00 hours on July 18, 2013 to midnight of July 17, 2014. The insurance policy is renewed on annual basis.

COMPETITION

Since all the NHs vests in the GoI and NHAI is the nodal executing agency for development of NHs under NHDP and allied programme entrusted to it, which aims to build and upgrade NH to the best of international standards and is the only authority in India which oversees the implementations of the NH Projects undertaken by private parties or state agencies. However, other roads authorities such as PWD, road construction corporations under the control of States/Union Territory Governments are also working towards the development and maintenance of roads and certain other National Highways, some of which also form part of NHDP.

PROPERTIES

We have certain immovable properties for the purpose of our business. These properties are held on perpetual lease basis. The details of our properties are as follows:

S. No.	Description of Property	Location
1.	Land	G-3, Sector-10, Dwarka, New Delhi-110075
2.	Office Building	G-5&6, Sector-10, Dwarka, New Delhi-110075
3.	Land for Residential Building	B-5, Sector-17, Dwarka, New Delhi-110075

NHAI also has 16 Regional Offices and 117 Project Implementation Units through out India on lease. The details of the Regional Offices are prescribed herein below:

Sl. No.	Locations	Regional Office Address
1	Karnataka	National Highways Authority of India, Regional Office, Sy.No. 13, 14th km, Near Deepak Bus Stop, Nagasandra, M.S.Ramaiah Enclave, Bengaluru - Tumkur Road (NH-4), Bengaluru - 560 073.
2	Maharashtra & Goa	National Highways Authority of India Regional Office-Maharashtra “Wardha House” Plot No.274/1, Ward No.7 Central Bazar Road, Ramdaspeth Nagpur – 440010, Maharashtra
3	Punjab & Haryana	Chandigarh Bays No. 35-38, 1st Floor, Sector-4, Panchkula-134112
4	Andhra Pradesh	D.No.8-2-334/18, Road No.3 Banjara Hills, Hyderabad-500 034.
5	U.P. & Uttarakhand	3/248, Vishal Khand, Gomti Nagar, Lucknow Pin – 226010 (U.P.)
6	Tamil Nadu, Kerala	No. 1/54-28, 2nd Floor, Butt Road, St. Thomas Mount, Chennai 600 016.
7	Gujarat	502-B, 5th Floor, South Wing, Megh Malhar Complex, Sec-11,Gandhinagar
8	MP & Chattisgarh	E-2/167, Arera Colony, Near Habibganj Railway Station, Bhopal (M.P.) Pin – 462016

Sl. No.	Locations	Regional Office Address
9	Delhi	G5 & 6, Sector-10, Dwarka- New Delhi-110075
10	Himachal Pradesh, Jammu & Kashmir	House No. 315, Sec-1,1st Floor, Channi Himmat, Jammu-180015
11	Odisha	Odisha,301-A, 3rd Floor, Pal Heights, Plot No. J/7, Jaydev Bihar, Bhubneswar
12	Guwahati (All NE States)	NEDFI House, 4th Floor, G. S. Road, Dispur, Guwahati-781006 Assam
13	West Bengal	119, Park Street White House, Block-A 2nd Floor, Kolkata - 700 016
14	Bihar	CGM (Tech.) cum Regional Officer National Highways Authority of India D-63, First Floor, Rajesh Kumar Path, Sri Krishnapuri Boring Road, Patna-800001
15	Rajasthan	National Highways Authority of India, Regional Office, B1, Nityanand Nagar, Queens Road, Vaishali Nagar, Jaipur-302021
16	Jharkhand	CGM (Tech.) , Regional Officer National Highways Authority of India B-402,Raod No.4-C, Ashok Nagar, Ranchi-834002

INFORMATION TECHNOLOGY

We have invested adequately in information technologies designed to help us better monitor and run our business. We have deployed the IT system across our organization. Our website is designed to provide a single view of our business.

REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations apply to us. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Background on the regulatory environment for development of National Highways:

The development and maintenance of national highways is fully financed by the Central Government as this function comes within Entry 23 of the Union List of the Seventh Schedule to the Constitution. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highways system.

Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties were experienced from time to time. Hence, came the proposal for creation of an autonomous body. In this backdrop, NHAI Act was passed providing for the constitution of an NHAI for the development maintenance and management of national highways and for matters connected therewith or incidental thereto. NHAI was operationalised in February, 1995. NHAI is the nodal agency responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto.

The charter of NHAI is set out in the NH Act and NHAI Act:

- Delegation of power and functions of the highway administration to NHAI.
- Enhanced powers for land acquisition.
- Right to collect tolls for road projects on its own or through third parties in accordance with specified Government guidelines.
- Authorisation to borrow from capital market through bonds, debentures and other instruments.
- Situation where Central Government will have powers to override NHAI and its officials.

Besides implementation of the NHDP, NHAI is also concerned with implementation of road safety measures and environmental management and IT initiatives in construction, maintenance and operation of National Highways.

The following are the significant laws and regulations that govern our operations:

A. The National Highways Act, 1956 ("NH Act")

The NH Act provides for the declaration of certain highways to be national highways. The NH Act categorically states that the Central Government may through a notification in the Official Gazette declare any highway to be a national highway and similarly remove any highway from the schedule of listed national highways. The Government's power to acquire land for the purpose of building, maintenance, management or operation of a national highway is very clear and there is a complete procedure laid down for the acquisition of land by the Central Government for the purpose of building a national highway and it is unequivocally stipulated therein that the provisions of the Land Acquisition Act, 1984 would not apply to an acquisition made for purposes mentioned in the this Act. Further NHAI Act confers all the rights, powers, assets, liabilities, obligations etc of Central Government to NHAI.

Salient features of NH Act

In the NH Act, Highways is defined in detail to include all lands appurtenant thereto, all bridges, culvets, tunnels, causeways, carriageways and other structures constructed on or across such highways and all fences, trees, posts and boundary, furlong and milestones of such highways or any land appurtenant to such highways.

NH Act details that the Highways as defined shall vest in the Union of India (Section-4) and the Central Government shall be responsible for the development and maintenance of the same at the same time vests the Central Government with the power to confer any of its role related to development or maintenance of a national highway to a State Government (Section-5). Section 6, further conveys the power of levy and collection of fees for use of any national highway to the Central Government.

Section 8A transmits to the Central Government, the power to enter into agreements with any person for development and maintenance of national highways and power to transfer the right of collection of user fee and regulation of traffic on such national highway. Further, Section 8B states the penalty for a mischief which results in damage to a national highway which may lead to imprisonment upto five years, or a fine, or with both.

NH Act contains a schedule which details the total number of highways which have been included or will be included in the list of national highways.

Further, the NH Act by its amendment in the year 1997 provides that the amount determined by competent authority to be payable as a compensation shall be deposited by the Central Government and the competent authority on behalf of Central Government shall pay the amount to persons entitled thereto (Section 3H).

B. The National Highways Authority of India Act, 1988 ("NHAI Act")

NHAI Act provides for the constitution of an authority, i.e. National Highways Authority of India, an autonomous body for the development, maintenance and management of national highways and for matters connected to its composition, term, functions, appointment of its officers, management, finance etc. The Central Government shall provide funds to NHAI for the discharge of its functions. NHAI will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it. For the proper management of highways, NHAI will regulate and control the plying of vehicles on the highways vested in it. The main function of NHAI is to develop and maintain national highways whose management and operation is vested in or entrusted to it by the Central Government. In discharge of the aforesaid primary function NHAI is empowered to:

- Survey, develop, maintain and manage highway vested in, or entrusted to it;
- construct offices or workshops and establish and maintain hostels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to it;
- construct residential building and townships for its employees;
- regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;
- develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;
- provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of NHAI, necessary for the smooth flow of traffic on such highways;
- form one or more companies under the Companies Act to further the efficient discharge of the functions imposed on it by NHAI Act;
- engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;
- advise the Central Government on matters relating to highways;
- assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;

- collect fees on behalf of the Central Government for services or benefits rendered under Section 7 of the NH Act and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and
- take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by NHAI Act.

Salient features of NHAI Act:

NHAI Act provides for composition of NHAI, which shall consist of a Chairman and not more than five full time members to be appointed by the Central Government. The Central Government may also appoint not more than four part-time members (Section 3). The Central Government is empowered to vest to NHAI such national highways or any stretch thereof, as are vested in the Government under Section 4 of the NH Act.

Section 13 of NHAI Act provides that any land required by NHAI for discharging its functions is deemed to be land needed for a public purpose and such land may be acquired for NHAI.NHAI Act empowers NHAI to enter into and perform any contract up to a certain value which will be prescribed by the Central Government under Section 14. Further, NHAI Act empowers, NHAI to construct offices, workshops and residential buildings for its employees and construct wayside amenities near the national highways vested in it;

Section 21 of NHAI Act provides for issues relating to borrowings and empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act. The section further provides that the Central Government may guarantee the repayment of the amount due with respect to the borrowings.

The provision concerning Finance, Accounts and Audit are dealt with in Chapter V of NHAI Act. Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI. Section 18 of NHAI Act provides for constitution of a Fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting inter-alia the expenses of NHAI on objects and for purposes authorized by this Act. NHAI is statutorily obliged under Sections 22 and 23 of NHAI Act to prepare its Annual Report giving full accounts of its activities during the previous financial year and its required to maintain its account and get the same audited in a manner to be decided in consultation with the Comptroller and Auditor-General of India. The Annual Report and The Auditor's Report are to be laid before the Parliament.

C. Central Road Fund Act, 2000 ("CRF Act")

In order to meet the requirements and demands of growing national economy the road network could not be developed and maintained due to paucity of funds. As a long term strategy, a need for giving statutory status to the central roads fund was felt so as to make available a sustained financial arrangement for the development and maintenance of the national highways, state roads, rural roads etc. thus with a view to provide funds for the development and maintenance of the national highways and other roads the Central Road Fund Act, 2000 ("CRF Act") came into force. The CRF Act provides for collection of cess from petrol & diesel. Presently, ₹ 2/- per litre is collected cess on petrol and High Speed Diesel (HSD) Oil.

The CRF Act empowers the Central Government for the allocation of cess in the following manner:

- 50% of the cess on high speed diesel (HSD) oil for development of rural roads;
- 50% of the balance cess on HSD and the entire cess collected on petrol are allocated thereafter as follows:

a. An amount equal to 57.5% of such sum for the development and maintenance of National Highways;

b. An amount equal to 12.5% for construction of road under or over bridges and safety works at unmanned railway crossing; and

c. An amount equal to 30% on development and maintenance of State Roads and out of this amount, 10% shall be kept as reserved by the Central Government for allocation to States for implementation of State Road Schemes of Inter-State Connectivity and Economic Importance to be approved by the Central Government.

Apart from this the Central Government shall allocate an amount of 50 paisa from the amount of ₹ 2 as the additional duty of custom and additional duty of excise on petrol exclusively for the maintenance of national highways.

The proceeds of the cess levied under the CRF Act shall first be credited to the consolidated fund of India and the Central Government may provide credit of such proceeds to the central road fund which shall be utilised for development and maintenance of national highways; development of the rural roads; development and maintenance of other State roads including roads of inter-State and economic importance; construction of roads either under or over the railways by means of a bridge and erection of safety works at unmanned rail-road crossings etc.

D. The Control of National Highways (Land and Traffic) Act, 2002 ("NHLT Act")

The NHLT Act provides for control of land within the national highways, right of way and traffic moving on the national highways and for the removal of unauthorized occupation of the land within the national highways. Thus, NHLT Act applies only to national highways and provides for control of land, the right of way and traffic, for removal of unauthorized occupation on national highway.

The purpose of NHLT Act is mainly to keep national highways clean and free of encroachment, and to ensure free and rapid movement of motorized traffic and enforcement by the establishment of highway administrations for the purpose of enforcement of the functions and powers conferred thereunder which include regulation of traffic when highway deemed unsafe, prohibition of use of heavy vehicles on certain highways, temporary of traffic on highways, permanent closure of highways, power to restrict use of certain vehicles at certain times, prevention and repair of damage to highway, power to prohibit leaving vehicles or animals in dangerous. The Act also provides for penalty in case of breach, which include imprisonment upto one year and/or fine at the rate of one thousand rupees per square meter of occupied land, but which shall not exceed two times the cost of such highway land.

E. Applicable Rules

As per the NH Act and the NHAI Act, the Central Government is empowered to make rules in order to further the object of NH Act and NHAI Act. In exercise of such power, the Central Government has framed certain rules which are as follows:

- The National Highways Rules, 1957;
- National Highways Authority of India (Budget, Accounts Audit, Investment of Funds and Powers to enter Premises) Rules , 1990
- The National Highways (collection of Fees by any person for the use of Section of National Highways/Permanent Bridge/Temporary bridge on National Highways) Rules, 1997
- The National Highways (Rate of Fee) Rules, 1997
- The National Highways (Fee for the use of National Highways and Permanent Bridge – Public Funded Project) Rules, 1997
- The National Highways(Manner of Depositing the Amount by the Central Government with Competent Authority for Acquisition of Land) Rules, 1998;
- The National Highways Tribunal (Procedure for Appointment as Presiding Officer of the Tribunal) Rules, 2003;
- The National Highways Tribunal Rules 2003;

- National Highways Authority of India (the term of office and other conditions of service of Members) Rules, 2003.
- The Central Road Fund (State Roads) Rules, 2007;
- The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010;
- The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds, and power to enter premises) Rules, 1990, as amended by (Amendment) Rules, 2010;

The details of all the above mentioned rules, except, The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010 (details of which is enumerated below) can be perused from the official gazette of India.

The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010 ("Fee Rules")

The National Highways Fee (Determination of Rates and Collection) Rules, 2008 provides for the rules for collection of fee for use of sections of national highways, permanent bridges, bypasses and tunnels forming part of the national highways, pursuant to Section 9 of the NH Act.

The main features of Fee Rules includes uniform rate of fee for public funded and private investment projects, categorization of vehicles for fixing the base rate of fee, concession/discount to local users, and for multiple journeys, annual revision of rate of fee to reflect increase in the Wholesale Price Index (WPI), levy of user fee for two-lane highways @ 60% of the user charges prescribed for four-lane highways, rate of fee prescribed for use of permanent bridge, bypass or tunnel, provision for collection, remittance and appropriation of fee, prescription of rate of fee for overloading, location of Toll Plaza. The rate of fee calculated in terms of these Fee Rules varies for individual projects keeping in view the variation in project parameters.

Further, National Highway Fee (Determination of Rates and Collection) Rules, 2008 were amended on December 3, 2010 and January 12, 2011. These amendments provides for

- Rule 11 was modified to include fresh categories of exemptees from payment of toll.

- The threshold cost of upgradation of 2-lanes was increased to ₹ 250.00 lakhs from ₹ 100.00 lakhs.

- For bypasses, the rate of fee for use of bypass forming part of a section of a national highway constructed with a cost of ₹1000 lakhs or more, for the base year 2007-08, shall be 1.5 times the rate of fee specified.

- For computation of toll on the basis of the Wholesale Price Index instead of computing it on or immediately after January 1st of the year, it shall be computed from the Wholesale Price Index for the month of December of the year.

- A new category of three-axle commercial vehicle was included for collection of toll.

F. The Motor Vehicles Act, 1988

The development, maintenance and management as well as control of the National Highways are regulated by the NH Act and the NHAI Act. Under the Motor Vehicles Act, 1988, some powers have been delegated to the Transport Department of the State Governments.

Section 138 of the Motor Vehicles Act, 1988 further empowers the State Governments to make rules for the purpose of the removal and the safe custody of vehicles including their loads which have broken down or which have been left standing or have been abandoned on road; the installation and use of weighing devices; the maintenance and management of wayside amenities complexes; the exemption from all or any of the provisions of relating to fire brigade vehicles, ambulances and other special classes or descriptions of vehicle, subject to such conditions as may be prescribed; the maintenance and management of parking places and stands and the fees, if any, which may be charged for their use; prohibiting the taking hold of or mounting of a motor vehicle in motion; prohibiting the use of foot-paths or pavements by motor vehicles, generally, the prevention of danger, injury or annoyance to the public or any person, or of danger or injury to property or of obstruction to traffic.

G. Labour and Environmental Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labour laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Environment (Protection) Act, 1986;
- The Forest (Conservation) Act, 1980 and The Forest (Conservation) Rules, 2003;
- The Hazardous Wastes (Management and Handling) Rules, 1989;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977;
- The Air (Prevention and Control of Pollution) Act, 1981; etc.

H. Other applicable regulations

As per the NHAI Act, the NHAI is empowered to make regulation in order to further the object of NHAI Act. In exercise of such power, the NHAI has framed certain rules which are as follows:

- National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996;
- National Highways Authority of India (Joining Time) Regulations, 1996;
- National Highways Authority of India (Incentive) Regulations, 1996;
- National Highways Authority of India (Traveling Allowance and Daily Allowance) Regulations, 1997;
- National Highways Authority of India (Leave) Regulations, 1997;
- National Highways Authority of India (Conduct Discipline and Appeal) Regulations, 1997;
- National Highways Authority of India (Leave Travel Concession) Regulations, 1997;
- National Highways Authority of India (Medical Attendance and Treatment) Regulations, 1997;
- National Highways Authority of India (Transaction of Business) Regulations , 1997;
- National Highways Authority of India (House Rent Allowance and Leased Accommodation) Regulations, 1997;
- National Highways Authority of India (Transaction of Business Amendment) Regulations 2001; and
- National Highways Authority of India (Medical Attendance and Treatment Amendment) Regulations 2004.

I. National Highways Policy Initiatives

With a view to attract private investment in road development, maintenance and operation, NH Act was amended in June 1995. In terms of these amendments, the private persons can invest in the NH projects, levy, collect and retain fee from users and is empowered to regulate traffic on such highways in terms of provisions of Motor Vehicle Act, 1988.

The Government has adopted a road development policy setting out the guidelines for investment in highways. In order to meet the huge investment requirements in the sector, the Government has taken a number of measures to attract private sector participation.

- The Government has permitted 100 per cent foreign equity in construction and maintenance of roads, highways, tunnels etc.
- Grant upto 40% of project cost to make project viable.
- 100% tax exemption in any 10 consecutive years within a period of 20 years after completion of the project.
- Agreements to avoid double taxation with a large number of countries.
- Concession period upto 30 years.
- Right to charge tolls on certain (toll) projects.
- These tolls are indexed to a formula linked with the wholesale price index.
- The government permits duty free import of high capacity equipment required for highway construction.
- Government support for land acquisition, resettlement and rehabilitation.
- Simplified procedure for Land Acquisition.
- MCA for BOT (Annuity) and OMT are being finalised.
- New rules for collection of fee for use of sections of national highway, permanent bridges, bypasses and tunnels have been put into place.

J. Viability Gap Funding Scheme (VGF)

The VGF scheme provides financial support in the form of capital grant for PPP projects in various infrastructure sectors. VGF Scheme is intended to support projects which are commercially unviable but have high economic benefit.

The Empowered Institution sanctions projects for VGF upto ₹ 10000 lakhs for each eligible project subject to the budgetary ceiling indicated by the Finance Ministry. The Empowered Institution also considers other proposals and places them before the Empowered Committee. Funding upto 20% of the project cost is provided. If required, an additional 20% can be made available by the sponsoring Ministry/agency. Proposals up to ₹ 20,000 lakhs will be sanctioned by the Empowered Committee and amounts exceeding ₹ 20,000 lakhs will be sanctioned by the Empowered Committee with the approval of Finance Minister.

Capital grant for all infrastructure projects under the VGF scheme is restricted to a maximum of 40% of the project cost (for projects upwards of ₹ 20,000 lakhs). Grant provided by NHAI for highway projects under the BOT route may be financed through the VGF route. VGF funding will not be available over and above NHAI's grant for projects. The Government will carry out all preparatory works for the projects identified for private investment and meet the cost of following items:

- Detailed Feasibility Study
- Land for right-of-way and enroute facilities
- Clearance of the right-of-way land: Relocation of utility services, cutting of trees, resettlement and rehabilitation of the affected establishments
- Environment Clearances
- Clearance from Indian Railways to allow construction of Rail-Over-Bridges under their supervision.
- Where design is left to the enterprise, giving details of standards and bore holes logs at bridge sites etc.

HISTORY, MAIN OBJECTS AND CERTAIN CORPORATE MATTERS

Brief Background of NHAI

NHAI is an autonomous body of the GoI under the MoRTH and was constituted on June 15, 1989 by an Act of Parliament – NHAI Act, and was made operational in February, 1995 with the appointment of full time Chairman and other Members. NHAI has an all India presence through its different offices (Regional Offices/Project Implementation Units/Corridor Management Units) in different cities. The functioning of NHAI is thus governed by NHAI Act and rules, and regulations framed thereunder. It succeeds the previous Ministry of Surface Transport.

Change in Head Office

On September 21, 2000, the Head Office of NHAI was shifted from 1, Eastern Avenue, Maharani Bagh, New Delhi – 110 065 to G – 5 & 6, Sector-10, Dwarka, New Delhi - 110 075 for administrative and operational efficiency.

Vision

To meet the nation's need for the provision and maintenance of National Highways network to global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic well being and quality of life of the people.

Main Objects

The main objects of NHAI are provided in the NHAI Act as per which NHAI is responsible for the development, maintenance and management of National Highways entrusted to it, by the GoI and for matters connected or incidental thereto. NHAI was constituted to survey, develop, maintain and manage National Highways and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways vested in or entrusted to it, construct residential buildings and townships for its employees, to regulate and control plying of vehicles, to develop and promote consultancy and construction services, advise the central government on matters relating to highways and to collect fees for services and benefits rendered in accordance with NHAI Act.

Major events

Calendar Year	Event
1989	Establishment of NHAI
1995	NHAI became fully operational
1998	NHDP conceptualised
	Incorporation of Moradabad Toll Road Company Limited
2000	Government approval obtained from CCEA for NHDP Phase – I
	Incorporation of Calcutta-Haldia Port Road Company Limited.
	Incorporation of Mumbai-JNPT Port Road Company Limited.
	Incorporation of Mormugao Port Road Company Limited.
	Incorporation of Vishakhapatnam Port Road Company Limited.
	Incorporation of Ahmedabad-Vadodara Expressway Company Limited.
	Incorporation of Chennai-Ennore Port Road Company Limited.
2003	Government approval obtained from CCEA for NHDP Phase – II
2004	Incorporation of Cochin Port Road Company Limited.
	Incorporation of Tuticorin Port Road Company Limited.
	Incorporation of Paradip Port Road Company Limited.
	Incorporation of New Manglore Port Road Company Limited.
2005	Government approval obtained from CCEA for NHDP Phase - III
2006	Government approval obtained from CCEA for NHDP Phase – V

Calendar Year	Event
	Government approval obtained from CCEA for NHDP Phase – VI
2007	Government approval obtained from CCEA for NHDP Phase – VII
2009	Government approval for implementation of NHDP – based on B. K. Chaturvedi Committee Report
2011	Successfully raised the first public issue of tax free bonds u/s 10 (15) (iv) (h) of Income Tax Act, 1961 aggregating to ₹ 10,00,000 lakhs.
2012	Incorporation of Indian Highways Management Company Limited.
	Government approval obtained from Cabinet Committee on Infrastructure for upgradation of 20,000 km. of National Highways under NHDP Phase – IV

Key Terms of Material Agreements

Memorandum of Understanding with Tamil Nadu Road Development Company Limited

The National Highway Authority of India ("NHAI") and Chennai-Ennore Port Road Company Ltd a Special Purpose Vehicle ("CEPRC/SPV") and Tamil Nadu Road Development Company Limited ("TNRDC") has entered into Memorandum of Understanding on June 11, 2003 ("**MoU**") for implementation of the Ennore Manali Road Improvement Plan Project ("**EMRIP Project**"), which was entrusted by Government of Tamil Nadu ("**GoTN**") to TNRDC. The purpose of the MoU is to achieve the overall objective set by the Government of India to develop and maintain the National Highways network including improvement in port connectivity and its integration with the National highway Network and also to improve the port connectivity between Chennai and Ennore.

Considering the role played by TNRDC in developing the EMRIP Project since the stage of conceptualization, NHAI/SPV retained TNRDC as "Managing Associate" to carry forward the development, implementation and operation and maintenance of the EMRIP Project.

Scope of Project: The scope of the EMRIP Project involves sea protection works including construction of groynes and beach nourishment works, rehabilitation and resettlement of all project affected families, four laning of the Ennore Expressway (6.8 km) alongwith service road and improvement and upgradation of Thiruvottiyur Ponneri Panchetti Road.

Overall Cost: The overall project cost of the EMRIP Project has been estimated to be about ₹ 10,500 lakhs, excluding the equity of State Government.

Obligations of TNRDC: The obligations of TNRDC include finalization of detailed engineering studies, finalization of an appropriate procuring and monitoring framework, bid documentation assisting in the bidding process and facilitating award of work, co-ordination in shifting of utilities and ensuring that this is completed in the agreed time frame, supervision of civil works including quality assurance and quality control, quantity control, contract management, design of toll plazas/booths and supervision of erection thereto, co-ordination in management of traffic during construction period, co-ordination in the proceedings in the steering committee, finalization of technical schedules of concession agreement, finalization of state support agreement and finalization of MOU to be signed by NHAI/SPV with Chennai Port Trust & GoTN.

Obligations of NHAI/SPV: The obligations of NHAI/SPV includes assisting the TNRDC in collection of data and co-ordination with other agencies including GoTN as may be required for the EMRIP Project, to assist TNRDC in obtaining all relevant permissions/approvals including, inter-alia, environmental clearance and other clearances for the EMRIP Project from the competent authority, to take all necessary steps to acquire land for the project, shift the utilities, remove the encroachments and deliver physical possession of land, free of encumbrances to TNRDC for completion of the EMRIP Project, in a timely manner.

Holding Company

We do not have a holding company.

Our SPVs

As on date of this Shelf Prospectus, NHAI has twelve SPVs' comprising of eleven Subsidiaries and one Joint Venture company. Each of these SPVs is dedicated to project development to augment our objective. The details of these SPVs are as discussed below:

Our Subsidiaries:

1. Ahmedabad-Vadodara Expressway Company Limited.
2. Calcutta-Haldia Port Road Company Limited
3. Cochin Port Road Company Limited
4. Moradabad Toll Road Company Limited
5. Mormugao Port Road Company Limited
6. Mumbai-JNPT Port Road Company Limited
7. Tuticorin Port Road Company Limited
8. Paradip Port Road Company Limited
9. Vishakhapatnam Port Road Company Limited
10. New Manglore Port Road Company Limited
11. Indian Highways Management Company Limited

Joint Venture

1. Chennai Ennore Port Road Company Limited

Shareholding Pattern of SPVs of NHAI (as on September 30, 2013)

Sr. No.	Name of the company	% age shareholding of NHAI in the company	% age shareholding of other co-ventures		Share Capital of the company (₹ in lakhs)
1.	Ahmedabad-Vadodara Expressway Company Limited	100.00	-	None	31,285.00
2.	Mumbai-JNPT Port Road Company Limited	66.46	27.38	Jawaharlal Nehru Port Trust	14,605.00
			6.16	The City and Industrial Development Corporation of Maharashtra Ltd.	
3.	Mormugao Port Road Company Limited	74.61	25.39	Mormugao Port Trust	5,830.18
4.	Vishakhapatnam Port Road Company Limited	50.13	49.87	Vishakhapatnam Port Trust	3,730.00
5.	Calcutta-Haldia Port Road Company Limited	100.00	-	None	6,921.00

Sr. No.	Name of the company	%age shareholding of NHAI in the company	%age shareholding of other co-ventures		Share Capital of the company (₹ in lakhs)
6.	Chennai-Ennore Port Road Company Limited	41.51	40.69	Chennai Port Trust	33,680.00
			8.90	Government of Tamil Nadu	
			8.90	Ennore Port Trust	
7.	Cochin Port Road Company Limited	100.00	-	None	4,480.00
8.	Tuticorin Port Road Company Limited	79.80	20.20	Tuticorin Port Trust	12,376.00
9.	Paradip Port Road Company Limited	78.95	21.05	Paradip Port Trust	19,000.00
10.	Mew Managalore Port Road Company Limited	75.00	25.00	New Mangalore Port Trust	7,860.00
11.	Moradabad Toll Road Company Limited	100.00	-	None	3,000.00
12.	Indian Highways Management Company Limited**	82.29	1.48	IRB Infrastructure Developers Limited	33.88
			1.48	Abhijeet Roads Limited	
			1.48	PNC Infratech Limited	
			1.48	Essel Infraprojects Limited	
			8.83	Shapoorji Pallonji Roads Private Limited	
			1.48	IL&FS Transportation Networks Limited	
			1.48	Gammon Road Infrastructure Limited	

In each of the above SPV's (excluding Indian Highways Management Company Limited), there are seven nominee shareholders of NHAI holding one share each.

*** became subsidiary of NHAI post March 31, 2013. The shareholding pattern is as on September 20, 2013.*

BRIEF INFORMATION OF THE SUBSIDIARIES AS ON SEPTEMBER 30, 2013

Name of the Subsidiary	***Ahmedabad Vadodara Expressway Company Limited***
Date of Incorporation	April 05, 2000
Registered Office	NHAI Corporate Office, Plot G - 5 & 6, Sector -10, Dwarka, New Delhi-110 075
List of Directors	a. Shri Narendra Kumar, IAS : Chairman & Managing Director b. Shri P.K. Patelia : Director c. Shri A. K. Sharma : Director d. Shri Rakesh Nagar : Director
List of Shareholders	**Shareholders** / **No. of shares** / **Percentage (%)** NHAI alongwith its nominee shareholders / 31,28,50,000 / 100

Name of the Subsidiary	***Calcutta Haldia Port Road Company limited***
Date of Incorporation	December 26, 2000
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector-10, Dwarka, New Delhi-110 075
List of Directors	a. Sri Satish Chandra, IAS : Chairman b. Col. Ajay Ahluwalia : Managing Director c. Shri G. Suresh : Director d. Shri D.K.Mohapatra : Director
List of Shareholders	**Shareholders** / **No. of shares** / **Percentage (%)** NHAI alongwith its nominee shareholders / 6,92,10,007 / 100

Name of the Subsidiary	***Cochin Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri I. G. Reddy : Managing Director c. Shri G. Suresh : Director d. Shri D.K. Mohapatra : Director
List of Shareholders	**Shareholders** / **No. of shares** / **Percentage (%)** NHAI alongwith its nominee shareholders / 4,48,00,000 / 100

Name of the Subsidiary	***Moradabad Toll Road Company Limited***
Date of Incorporation	August 13, 1998
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri G. Suresh : Director c. Shri J.K.Goyal : Director
List of Shareholders	**Shareholders** / **No. of shares** / **Percentage (%)** NHAI alongwith its nominee shareholders / 3,00,00,000 / 100

Name of the Subsidiary	***Mormugao Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075

List of Directors	a. Shri Satish Chandra, IAS : Chairman & Managing Director b. Shri D.O.Tawade : Director c. Shri G. Suresh : Director d. Shri Joseph Silveria : Director e. Shri D.K.Mohapatra : Director		
List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	4,34,99,997	74.61
	Mormugao Port Trust	1,48,01,800	25.39

Name of the Subsidiary	***Mumbai-JNPT Port Road Company Limited***		
Date of Incorporation	December 26, 2000		
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi		
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri D. O. Tawade : Managing Director c. Shri V. K. Soma : Director d. Shri G. Suresh : Director e. Shri A.J.Lokhande : Director f. Shri D.K.Mohapatra : Director		
List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	9,70,50,007	66.46
	Jawahar Lal Nehru Port Trust	4,00,00,000	27.38
	City Development Corporation of Maharastra	90,00,000	6.16

Name of the Subsidiary	***Tuticorin Port Road Company Limited***		
Date of Incorporation	January 19, 2004		
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075		
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri I. G. Reddy : Managing Director c. Shri G. Suresh : Director d. Shri D.K.Mohapatra : Director e. Shri S.Natarajan : Director		
List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	9,87,60,000	79.80
	Tuticorin Port Trust	2,50,00,000	20.20

Name of the Subsidiary	***Paradip Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075
List of Directors	a. Shri Satish Chnadra, IAS : Chairman b. Shri N.K.Jha : Managing Director c. Shri G. Suresh : Director d. Shri D.K.Mohapatra : Director

List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	15,00,00,000	78.95
	Paradip Port Trust	4,00,00,000	21.05

Name of the Subsidiary	***Vishakhapatnam Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075
List of Directors	a. Shri Satish Chandra : Chairman & Managing Director b. Shri G. Suresh : Director c. Shri D.K.Mohapatra : Director d. Shri G. V. L. Satya Kumar : Director

List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	1,87,00,007	50.13
	Vishakapatnam Port Trust	18,600,000	49.87

Name of the Subsidiary	***New Mangalore Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri A. K. Mathur : Managing Director c. Shri G. Suresh : Director d. Shri D.K.Mohapatra : Director e. Shri M.R.Hedaoo : Director

List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	5,89,50,000	75.00
	New Mangalore Port Trust	1,96,50,000	25.00

Name of the Subsidiary	***Indian Highways Management Company Limited***
Date of Incorporation	December 26, 2012
Registered Office	Room No-402, NHAI HQ, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075
List of Directors	a. Shri Sudhir Kumar : Chairman b. Shri Bangaru Raju Obbilisetty : Director c. Shri Vijay Chandra Verma : Director d. Shri V. D Mhaiskar : Director e. Shri Pradeep Singh : Director f. Shri Kusal Roy : Director g. Shri Alkesh Kumar Sharma : Director h. Shri T. S. Venkatesan : Director

List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI	2,78,841	82.29
	IRB Infrastructure Developers Limited	5,000	1.48
	Abhijeet Roads Limited	5,000	1.48
	PNC Infratech Limited	5,000	1.48

	Essel Infraprojects Limited	5,000	1.48
	Shapoorji Pallonji Roads Private Limited	30,000	8.85
	IL&FS Transportation Networks Limited	5,000	1.48
	Gammon Road Infrastructure Limited	5,000	1.48

For financial details of the above stated entities except Indian Highways Management Company Limited, please refer to Appendix II of this Shelf Prospectus:

Shareholding Pattern of our Joint Venture as on September 30, 2013

Name of the Joint Venture	***Chennai-Ennore Port Road Company Limited***		
Date of Incorporation	December 26, 2000		
Registered Office	NHAI Corporate Office, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110 075		
List of Directors	a. Shri Satish Chandra, IAS : Chairman b. Shri I. G. Reddy : Managing Director c. Shri G. Suresh : Director d. Shri Sanjay Kumar : Director e. Shri D.K. Mohapatra : Director f. Shri S.V. Madabhavi : Director g. Shri Rajeev Ranjan : Director		
List of Shareholders	**Shareholders**	**No. of shares**	**Percentage (%)**
	NHAI alongwith its nominee shareholders	13,98,00,007	41.51
	Chennai Port Trust	13,70,00,000	40.69
	Government of Tamil Nadu	3,00,00,000	8.90
	Ennore Port Trust	3,00,00,000	8.90

OUR PROMOTER

Under Entry 23 of the Union List of the Seventh Schedule to the Constitution of India the development and maintenance of National Highways is vested in Central Government. Further, Section 5 of NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of National Highways shall also be exercisable among other by any officer or authority subordinate to the Central Government.

In exercise of the above powers vested in the Central Government vide Entry 23 of the Union List of the Seventh Schedule to the Constitution of India and under Section 5 of the NH Act, the President of India gave his assent to The National Highways Authority of India Bill, 1988 which was passed by both the Houses of Parliament on December 16, 1988. Accordingly National Highways Authority of India was established on June 15, 1989 as an autonomous body under the Ministry of Road Transport and Highways, Government of India.

OUR MANAGEMENT

Members of the Board of NHAI

NHAI was constituted by an Act of Parliament, namely the National Highways Authority of India Act, 1988, to develop, maintain and manage the National Highways vested in or entrusted to it by the Central Government. As per section 3(3) of NHAI Act, NHAI consists of –

(i) a chairman;

(ii) not more than five full-time members; and

(iii) not more than four part-time members.

Each of whom shall be appointed by the Central Government by notification in the official gazette. Presently, NHAI has a chairman, five full time members and four part time members.

As per NHAI Act, the meetings of NHAI shall be held at such time and place and shall observe such rules and procedures at its meetings as may be provided by the regulation. According to National Highways Authority of India (Business of Transaction Amendment) Regulation, 2001, every meeting of NHAI shall be attended by a minimum of two third of total members and three fourth of the part time members of NHAI. NHAI Act provides that for the purpose of discharging its functions NHAI shall appoint such number of officers and other employees as it may consider necessary on such terms and conditions as laid down in regulations. Accordingly, the officers and staff are appointed as per the provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996.

DETAILS OF THE CHAIRMAN AND FULL TIME MEMBERS OF THE BOARD

Sl. No.	Description	
1.	**Name**	**Shri R. P. Singh**
	Father's Name	Shri Waryam Singh
	Occupation	Service
	Designation	Chairman, NHAI
	Address	87, NBCC Complex New Moti Bagh, New Delhi – 110023
	Date of Appointment	June 12, 2012
	Other Directorship	Maruti Suzuki India Limited.
	Nationality	Indian
	Age	62 years
2.	**Name**	**Shri Narendra Kumar, IAS**
	Father's Name	Lt. Shri Leela Ram
	Designation	Member (Administration)
	Occupation	Service
	Address	D – II/89, Delhi Government Officers Flat, ITI Complex, Pusa, Delhi – 110012
	Date of Appointment	April 1, 2013
	Other Directorship	Ahmedabad Vadodara Expressway Company Limited
	Nationality	Indian
	Age	56 years
3.	**Name**	**Shri Sudhir Kumar, IAS**

Sl. No.	Description	
	Father's Name	Lt. Shri Rughan Mal Jain
	Designation	Member (PPP)
	Occupation	Service
	Address	T – 6/41, Railway Officers Enclave, San Martin Marg, Chanakya Puri, New Delhi – 110010
	Date of Appointment	April 15, 2013
	Other Directorship	Indian Highways Management Company Limited
	Nationality	Indian
	Age	57 years
4.	**Name**	**Shri Satish Chandra, IAS**
	Father's Name	Manik Chand
	Designation	Member (Finance)
	Occupation	Service
	Address	Room No. 15, A Block, Punjab Bhawan, Copernicus Marg, New Delhi – 110001
	Date of Appointment	April 3, 2013
	Other Directorship	1. Calcutta Haldia Port Road Company limited 2. Cochin Port Road Company Limited 3. Moradabad Toll Road Company Limited 4. Mormugao Port Road Company Limited 5. Mumbai-JNPT Port Road Company Limited 6. Tuticorin Port Road Company Limited 7. Paradip Port Road Company Limited 8. Vishakhapatnam Port Road Company Limited 9. New Mangalore Port Road Company Limited
	Nationality	Indian
	Age	53 years
5.	**Name**	**Shri M. P. Sharma**
	Father's Name	Late Shri M.R. Sharma
	Designation	Member (Technical)
	Occupation	Service
	Address	Flat No. 149, BE – Block, Janakpuri, New Delhi
	Date of Appointment	February 8, 2013
	Other Directorship	No other directorship
	Nationality	Indian
	Age	56 years
6.	**Name**	**Shri B.N. Singh**
	Father's Name	Late Shri Dharma Nand Singh
	Designation	Member (Project)
	Occupation	Service
	Address	C-II/218, Chanakya Puri, New Delhi – 110021
	Date of Appointment	December 21, 2009
	Other Directorship	No other directorship
	Nationality	Indian
	Age	54 years

None of the Members are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

DETAILS OF PART TIME MEMBERS OF THE BOARD

Sl. No.	Description	
1.	**Name**	**Shri Vijay Chhibber, IAS (GoI Nominee)**
	Father's Name	Shri M.L. Chhibber
	Designation	1. Secretary, Department of Road Transport & Highways 2. President, Association of State Road Transport Union
	Occupation	Service
	Address	59, New Moti Bagh, New Delhi - 110021
	Date of Appointment	February 1, 2013
	Other Directorship	No other directorship
	Nationality	Indian
	Age	58 years
2.	**Name**	**Smt. Sindhushree Khullar, IAS (GoI Nominee)**
	Father's Name	Shri A.S. Laxmi Narayana Rao
	Designation	Secretary, Planning Commission, GoI
	Occupation	Service
	Address	E – 1/4, Satya Sadan, Chankyapuri
	Date of Appointment	April 2, 2012
	Other Directorship	No other directorship
	Nationality	Indian
	Age	60 years
3.	**Name**	**Shri Ratan P. Watal, IAS (GoI Nominee)**
	Father's Name	Late Shri Sundar Prakash Watal
	Designation	Secretary, Department of Expenditure, Ministry of Finance
	Occupation	Service
	Address	17, New Moti Bagh, New Delhi – 110023
	Date of Appointment	November 30, 2013
	Other Directorship	No other directorship
	Nationality	Indian
	Age	57 years
4.	**Name**	**Shri C. Kandasamy**
	Father's Name	Shri S P Chockalingam
	Designation	1. Director General (Road Development) and Special Secretary, Department of Road Transport & Highways. 2. President, Indian Road Congress.
	Occupation	Service
	Address	R – 53, Nivedita Kunj, Sector – 10, R.K. Puram, New Delhi – 110022
	Date of Appointment	December 30, 2011
	Other Directorship	No other directorship
	Nationality	Indian
	Age	59 years

None of the Members are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

Brief Profile of Board Members is given below:

Shri R. P. Singh, IAS, 62 years, is our Chairman. He is an IAS of Andhra Pradesh Cadre from 1976 Batch. Presently, he is chairman of NHAI, appointed by GoI. He holds Post Graduate Diploma in Mathematics.

Shri Narendra Kumar, IAS, 56 years, is our Member (Administration). He is an IAS of AGMUT cadre from 1988 Batch. Presently, he is on deputation by GoI. He holds Master's Degree in Commerce & also holds CA.LLB Degree.

Shri Sudhir Kumar, IAS, 57 years is our Member (PPP). He is an IAS of Bihar Cadre from 1982 Batch. Presently, he is on deputation by GoI. He holds Master's Degree in Commerce & also degree of M. Phil in Public Administration.

Shri Satish Chandra, IAS, 53 years is our Member (Finance). He is an IAS of Punjab Cadre from 1985 Batch. Presently, he is on deputation by GoI. He holds Bachelor's Degree in Engineering (Electronics).

Shri. M. P. Sharma, 56 years is our Member (Tech.). He holds Degree in AMIF and also holds Degree in Bachelors of Law. He is a Chief Engineer of the Central Engineering Services (Roads) Group 'A' of MoRTH.

Shri B. N. Singh, 54 years is our Member (Projects). He holds Bachelor's Degree in Civil Engineering. He is a Chief Engineer of the Central Engineering Services (Roads) Group 'A' of the MoRTH.

Shri Vijay Chibber, IAS, 58 years, is one of our Part-time Members. He is currently the Secretary, MoRTH. He is an IAS of Manipur Tripura Cadre from 1978 Batch. He holds a post graduate degree in History.

Ms. Sindhushree Khullar, IAS, 60 years, is one of our Part-time Members. She is currently the Secretary, Planning Commission, Yojna Bhawan, New Delhi. She is an IAS of AGMUT Cadre from 1975 Batch. She has a Masters in Development Economics (1985) from Boston University, Massachusetts, USA and a Masters in Public Administration (1991) from the Kennedy School of Government, Harvard University, USA.

Shri Ratan P. Watal, IAS, 57 years, is one of our Part-time Members. He is currently the Secretary, Expenditure, Department of Expenditure, Ministry of Finance, GoI. He is an IAS of Andhra Pradesh from 1978 Batch. He is post graduate in Economics and also holds PG Diploma in International Relations.

Shri C. Kandasamy, 59 years, is one of our Part-time Members. He is currently the DG (RD) & SS MoRTH. He holds a M.Tech. Degree.

Relationship with other Members

None of the Members of the Board are, in any way, related to each other.

Remuneration of the Board Members

The following table sets forth the details of remuneration paid to the full time Members from April, 2013 to November, 2013.

Name of Members	Salary (₹ in lakhs)
Shri R.P. Singh	11.92
Shri Narendra Kumar	11.05
Shri Sudhir Kumar	11.42
Shri Satish Chandra	11.86
Shri M.P. Sharma	11.75
Shri B.N. Singh	11.30

Part Time Members do not draw any remuneration (including sitting fee) from NHAI.

Borrowing Powers of the Board

Section 21 of NHAI Act provides for issues relating to borrowings and empowers NHAI, with the consent of the Central Government or in accordance with the terms of any general or special authority given to it by the Central Government, to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act.

Interest of the Members

All our Members may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our Members, may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as members, directors, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Except as otherwise stated in this Shelf Prospectus and statutory registers maintained in this regard, NHAI has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Shelf Prospectus in which the Members are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

The Members have not taken any loan from NHAI.

Debenture holding of Members:

Apart from M.P. Sharma (Member, Technical) who holds 50 debentures of NHAI, none of our other Members are holding debentures of NHAI.

Changes in the Members of NHAI during the last three years:

The changes in the Members of NHAI in the three years preceding the date of this Shelf Prospectus is as follows:

Name & Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
Shri R. P. Singh Chairman, NHAI	June 12, 2012	Continuing as a member	Appointed vide MoRTH Order No. A-12025/1/2012-E.II (B) dated June 11, 2012
Shri Sudhir Kumar Member (PPP), NHAI	April 15, 2013	Continuing as a member	Appointed vide MoRTH Order No. A-12025/7/2012-E-II(B) dated April 05, 2013
Shri Narendra Kumar Member (Admn.), NHAI	April 01, 2013	Continuing as a member	Appointed vide MoRTH Order No. A-12025/18/2009-E-II (B) dated March 11, 2013
Shri Satish Chandra Member (Finance), NHAI	April 03, 2013	Continuing as a member	Appointed vide MoRTH Order No. A-12025/18/2009-E-II(B) dated March 19, 2013
Shri M. P. Sharma Member (Technical), NHAI	February 08, 2013	Continuing as a member	Appointed vide MoRTH Order No. A-12025/7/2012-E-II(B) dated February 08, 2013
Smt. Sindhushree Khullar Secretary, Planning Commisssion	April 02, 2012	Continuing as a member	Appointed vide DoPT order no. 7/4/2012-EO(SM.I) dated March

Name & Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
			30, 2012
Shri Ratan P. Watal Secretary, Department of Expenditure, Ministry of Finance	November 30, 2013	Continuing as a member	Appointment vide DoPT order no. 18/17/2013-EO(SM-I) dated November 08, 2013
Shri V. Chhibber Secretary, MoRTH	February 01, 2013	Continuing as a member	Appointed vide MoRTH Notification No. A-12022/2/2010-E-I dated February 06, 2013
Shri C. Kandasamy Director General (Road Development & Special Secretary)	December 30, 2011	Continuing as a member	Appointed vide MoRTH Notification No. F.N.A-32013/3/2010-Estt. II dated January 10, 2012
Shri A. K. Upadhyay Secretary, MoRTH	June 30, 2011	January 31, 2013	Retirement vide MoRTH Notification No. A-38012/3/2012-E-I dated February 01, 2013
Shri Sumit Bose Secretary, Department of Expenditure, Ministry of Finance	May 31, 2011	August 04, 2012	Relieved vide DoPT order no. 18/19/2012-E0(SM-I) dated August 04, 2012
Shri R. P. Indoria Director General (Road Development & Special Secretary)	June 24, 2011	December 26, 2011	Appointed vide MoRTH Order no. F.N.A-32013/1/2009.Estt. II dated June 24, 2011. Cessation of charge to be read in consonance with MoRTH Notification No. F.N.A-32013/3/2010-Estt. II dated January 10, 2012
Smt Sushama Nath Secretary, Department of Expenditure, Ministry of Finance	March 31, 2008	May 31, 2011	Relinquished vide DoPT order no.18/11/2011-EO(SM-I) dated May 18, 2011
Shri R. S. Gujral Secretary, MoRTH	July 31, 2010	June 30, 2011	Relieved *vide* MoRTH Order No. A-120122/2/2010-E-I dated July 08, 2011
Dr. J. N. Singh Member (Finance), NHAI	February 01, 2010	March 31, 2013	Relieved *vide* NHAI Office Order No.: 11019/1408/2010-Admn dated March 31, 2013
Shri V. L. Patankar Member (Technical), NHAI	December 24, 2009	June 08, 2012	Relieved *vide* NHAI Office Order No. 11019/1400/2009-Admn dated June 08, 2012
Shri Rajiv Yadav Member (Admn.), NHAI	January 20, 2010	January 19, 2013	Relieved *vide* NHAI Office Order No.:11019/1405/2010-Admn dated January 19, 2013
Smt Sudha Pillai Member-Secretary, Planning	April 30, 2010	March 31, 2012	Relieved *vide* DoPT Order No. 7/5/2010

Name & Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
Commission			EO(SM-I) dated April 30, 2010
Shri R. S. Gujral Secretary, Department of Expenditure, Ministry of Finance	August 6, 2012	November 30, 2013	Retirement vide DoPT order no. 18/17/2013-EO(SM-I) dated November 08, 2013

Shareholding of Members, including details of qualification shares held by Members

Since NHAI is not a company under the Companies Act, there is no requirement of holding qualification shares. Additionally, there is no equity share capital in the books of NHAI.

Committees of the Board of Members

NHAI has constituted the following committees:

A. 3 CGM Committee
B. Independent Settlement Advisory Committee (ISAC)
C. Executive Committee
D. Audit Committee

The details of these Committees are set forth below:

A. **3 CGM Committee**: In the 91st meeting of the NHAI held on Novemeber 9, 2012, the Board of Members had approved formation of High Level Expert Settlement Advisory Committee for one time settlements of pending claims in item rate contracts of NHAI.

The members of the 3 CGMs as on November 30, 2013 are:

1. 1st Set of 3 CGM Committee
   - Shri B.S Singla, — Head
   - Shri Mahabir Singh — Member
   - Shri V.K. Sharma — Member

2. 2nd Set of 3 CGM Committee
   - Shri S.C. Jindal — Head
   - Shri K. Venkataramana — Member
   - Shri R.K. Bansal — Member

The scope of the 3 CGM Committee, *inter alia*, include:

1. It helps in smoothing the settlement mechanism; NHAI is faced with large number of pending disputed claims.
2. CGMs to be nominated by the Chairman.
3. Different CGMs Committees can be put on different cases to expedite the settlement process.
4. In order to expedite the progress of negotiated settlement of disputes by 3 CGMs Committee, two sets of these CGM (T)'s Committee have been constituted.
5. Approach towards settlement is proposed to be based on strategies to minimize the risks in the long run across all contracts within the contractual and legal frameworks. The claims shall be resolved as one time settlement and strategy would vary based on commonality of issues across contracts or could be based on optimum settlement with firms or groups with significant stakes collectively through appraisal of merits, risks and settlements through stages of negotiations.
6. Initial negotiation will be done by 3 CGMs committee, and then matter will be placed before an Independent Settlement Advisory Committee (ISAC) and then final approval will be taken by Board of Members of NHAI.

7. The Settlement and Negotiation Committee of CGMs in consultation with Independent Advisory and Negotiation Committee may frame the broad principles and guidelines for one time settlement. Based on the experience, the principle and guidelines shall be reviewed from time to time.
8. These committees have been functioning on the basis of uniform policies and ensuring that similar formulae are applied to arrive at settlement of pending cases with the representatives of the contractor/concessionaire. The ISAC has also become fully aware of the nuances of negotiation process. By now, the general principles of settlement covering majority of the cases have also been emerged.

B. Independent Settlement Advisory Committee (ISAC):

The members of the ISAC Committee as on November 30, 2013 are:

1.	Hon'ble Justice (Retd.) Ms. Rekha Sharma, High Court of Delhi	Head
2.	Sh. A K Upadhyay, Secretary (Retd.) MoRTH	Member
3.	Sh. A V Sinha, DG (RD) & SS (Retd.), MoRTH	Member

The scope and the terms of reference of the ISAC, *inter alia*, include:

1. Committees have been functioning on the basis of uniform policies and ensuring that similar formulae are applied to arrive at settlement of pending cases with the representatives of the contractor/concessionaire. The ISAC has also become fully aware of the nuances of negotiation process. By now, the general principles of settlement covering majority of the cases have also been emerged.

2. ISAC would be broadly to examine in detail the recommendations of report finalized by three CGMs(T) committee already constituted and in place for negotiation/settlement of disputes. The ISAC would also examine the technical and financial aspects of each case, for arriving at an amicable settlement in the interest of NHAI by taking holistic and pragmatic approach. The ISAC may also seek clarifications and /or negotiate with the parties on any specific issue/ claim, if required.

3. ISAC's role is advisory with regard to the reasonableness and due diligence done by the CGMs Committee to arrive at the settlement in the best interests of NHAI in a given case. The NHAI officials are responsible for the factual details, amounts involved and calculations. Every case of settlement would be presented before the NHAI Board.

1. In order to expedite the process of final approval of these negotiated settlements by the Authority, the Authority (Board) in its meeting held on November 28, 2013 has decided that:

> *"cases where the per contract amount of settlement is below ₹25 Crore and the total amount of contracts negotiated in that settlement with the contractor does not exceed ₹ 100 Crore, the final decision may be taken by the Executive Committee. If, however, it is proposed to differ with the recommendations of ISAC, the matter will be placed before the Authority irrespective of the amount of settlement."*

C. Executive Committee:

The members of the Executive Committee as on November 30, 2013 are:

1. Shri R.P. Singh, Chairman, NHAI
2. Shri Sudhir Kumar, Member (PPP)
3. Shri Satish Chandra, Member (Finance)
4. Shri Narendra Kumar, Member (Admn.)
5. Shri B.N. Singh, Member (Projects)
6. Shri M.P. Sharma, Member (Technical)

D. Audit Committee: The members of the Audit Committee as on November 30, 2013 are**:**

1.	Shri C. Kandasamy, DG(RD) & SS	Chairman
2.	Shri Narendra Kumar, Member (Admn)	Member
3.	Shri M. P. Sharma, Member (T)	Member

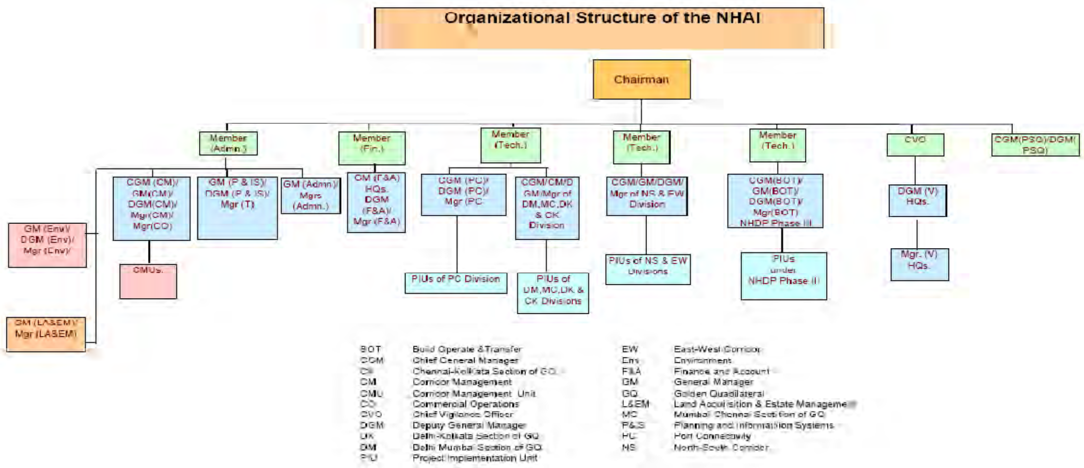
The scope and the terms of reference of the Audit Committee, *inter alia*, include:

a) Overseeing financial reporting processes through periodic financial statements and the disclosure of financial information, significant accounting policies, to ensure that the financial statement is correct, sufficient and credible.

b) Reviewing with management in respect of the following:

i) Audit Report of CAG on Annual Accounts of the Authority.
ii) Report of CAG on the performance of the Authority.
iii) Report of Committee of Public Undertakings on the CAG Report.
iv) Critical Analysis report of Internal Auditors and the recommendation of Internal Audit Committee.

ORGANISATIONAL STRUCTURE



Payment or Benefit to Officers of NHAI

NHAI follows a pay structure in conformity with the guidelines as applicable to the Central Government employees, however, the deputationists are paid salary and allowances as per NHAI scale or scale applicable to their parent department as opted by them. No officer or other employee is entitled to any benefit on termination of his employment in NHAI, other than statutory benefits such as provident fund and gratuity in accordance with the applicable laws.

STOCK MARKET DATA FOR OUR SECURITIES

Since NHAI is not a Company, hence there are no Equity Shares, and no stock market data is available for the Equity Shares. The stock market data for the non-convertible bonds issued by our NHAI listed on the NSE and the BSE are set forth below.

Stock market data for listed non convertible debentures issued by the NHAI by way of public issue

i) The high and low of bonds traded of the respective days of the listed debentures of NHAI bearing ISIN number INE906B07CA1 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	BSE*		NSE*	
	High	Low	High	Low
2012	1,040.30	1,012.80	1,042.97	1,011.32
2013	1,102.50	1,021.85	1,107.00	1,022.25

**Based on closing price*
***The debentures have commenced trading on February 8, 2012, hence data has been provided since listing*
(Source: www.bseindia.com and www.nseindia.com)

b) ***For last six months***

Month	BSE*		NSE*	
	High	Low	High	Low
December, 2013	1,007.00	991.50	1,007.98	992.27
November, 2013	1,005.00	994.51	1,000.00	993.48
October, 2013	999.90	979.89	998.79	980.00
September, 2013	1,077.50	993.39	1,079.75	993.64
August, 2013	1,130.00	1,075.00	1,130.00	1,072.51
July, 2013	1,133.85	1,111.96	1,133.93	1,110.02

**Based on closing price*
(Source: *www.bseindia.com* and *www.nseindia.com*)

ii) The high and low of bonds traded of the respective days of the listed debentures of NHAI bearing ISIN number INE906B07CB9 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	BSE*		NSE*	
	High	Low	High	Low
2012	1,043.33	1,018.95	1,043.48	1,017.80
2013	1,138.98	1,029.10	1,139.50	1,030.05

**Based on closing price*
***The debentures have commenced trading on February 8, 2012, hence data has been provided since listing*
(*Source: www.bseindia.com and www.nseindia.com*)

b) ***For last six months***

Month	BSE*		NSE*	
	High	Low	High	Low
December, 2013	1,004.99	992.44	1,003.50	992.19
November, 2013	1,008.00	993.00	1,010.00	993.99
October, 2013	1,001.99	988.59	1,001.75	988.00
September, 2013	1,099.00	998.62	1,112.50	997.42
August, 2013	1,144.67	1,077.50	1,147.00	1,077.43
July, 2013	1,172.50	1,150.05	1,177.11	1,141.12

**Based on closing price*
(Source: www.bseindia.com and www.nseindia.com)

In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of various tranche(s) of public issue and an amount not exceeding 30% of the allocated limit through private placement route in one or more tranche(s). Accordingly, the Issuer has raised ₹ 1,30,160 lakhs through private placement of tax free bonds which are listed on BSE under ISIN Number INE906B07DA9 and INE906B07DB7 on December 9, 2013. The bonds have not been traded on the BSE since listing till December 31, 2013.

FINANCIAL INDEBTEDNESS

As on December 31, 2013, we had outstanding secured borrowings of approximately ₹ 19,40,316.10 lakhs and unsecured borrowings of ₹ 64,136.18 lakhs.

Secured Borrowing

Bonds Outstanding as on December 31, 2013 Issued by the Authority:

Set forth below is a brief summary of our significant outstanding bonds as on December 31, 2013 together with a brief description of certain significant terms of such financing arrangements.

(i) SECURED BORROWINGS

a) Bonds issued by NHAI

Capital gains tax exemption bonds under Section 54EC of the Income Tax Act.

Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the IT Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not listed on any stock exchange. The bonds are secured by mortgage over NHAI's immovable property, located in Gujarat, or such other immovable property that may be agreed between NHAI and the Trustees for the bondholders ranking pari-passu with the mortgages created and/or to be created on the said property for securing bonds or any other instrument.

(₹ in lakhs)

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Total Value of Bonds (in ₹)	Date of Allotment	Redemption Date/ Schedule	Credit Rating
1.	NHAI Bonds Series –XI (2010-11)	3 years from the Deemed Date of Allotment	6.00% payable annually	75,985.00	On Tap basis	Bullet, at the time of maturity i.e. 3 years	"AAA/Stable" by CRISIL and "AAA (ind) (Affirmed)" by Fitch Rating
2.	NHAI Bonds Series -XII (2011-12)	3 years from the Deemed Date of Allotment	6.00% payable annually	2,51,151.50	On Tap basis	Bullet, at the time of maturity i.e. 3 years	"AAA/Stable" by CRISIL and "AAA(ind) (Affirmed)" by Fitch Rating
3.	NHAI Bonds Series -XIII (2012-13)	3 years from the Deemed Date of Allotment	6.00% payable annually	2,90,206.80	On Tap basis	Bullet, at the time of maturity i.e. 3 years	"AAA/Stable" by CRISIL and "AAA(ind) (Assigned)" by Fitch Rating
4.	NHAI Bonds Series -XIV (2013-14)	3 years from the Deemed of Date Allotment	6.00% payable annually	1,92,812.80	On Tap basis	Bullet, at the time of maturity i.e. 3 years	"AAA/Stable" by CRISIL and "AAA(ind)/(Assigned)" by India Rating & Research (Fitch Group)

Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act.

Set forth below is a brief summary of our outstanding Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act, together with a brief description of certain significant terms. The bonds are secured by way of mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructers constructed on national highways except those under Surat-Manor Tollways Project.

(₹ in lakhs)

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Amount (in ₹)	Redemption Date/ Schedule	Credit Rating
1.	Tax free secured redeemable non – convertible bonds, in the nature of debentures.	10 years from deemed date of allotment i.e. January 25, 2012	8.20% payable annually	671408.12	January 25, 2022	"CRISIL AAA/Stable" by CRISIL "CARE AAA" by CARE "Fitch AAA(ind) with Stable Outlook" by FITCH
		15 years from Deemed Date of Allotment i.e. January 25, 2012	8.30% payable annually	328591.88	January 25, 2027	

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Amount (in ₹)	Redemption Date/ Schedule	Credit Rating
2.	Tax Free Secured Redeemable Non – Convertible Bonds, in the nature of debentures**	10 years from deemed date of allotment i.e. November 25, 2013	8.35% payable annually	45200.00*	November 25, 2023	“CRISIL AAA/Stable” by CRISIL “CARE AAA” by CARE "Fitch AAA(ind) with Stable Outlook” by FITCH
		15 years from deemed date of allotment i.e. November 25, 2013	8.48% payable annually	84960.00*	November 25, 2028	

** In addition, the bonds are issued at a premium of ₹45.46 lakhs.*

*** The bonds shall be secured pursuant to execution of bond trust deed which as on date is pending for execution.*

(ii) UNSECURED BORROWINGS

National Highways Authority of India has secured loan from ADB vide a Loan Agreement dated October 5, 2000 for an amount of $180,000,000. However the total loan availed is $149,749,847.25. The loan is secured by the Government of India vide guarantee agreement dated October 5, 2000. The objective for availing the loan was to remove capacity constraints and improve road safety of critical section of the Western Transport corridor connecting Delhi to Mumbai (Surat- Manor Tollway Project).

S. No.	Name of the Bank	Type of Facility	Loan Documentation	Interest/Coupon Rate	Repayment	Facility/Amount Sanctioned/Availed	Outstanding Amount as on December 31, 2013 (in ₹ lakhs)
1.	Asian Development Bank	Term Loan	Loan Agreement dated October 5, 2000	Based on the cost to the bank of such currency or currencies plus a spread, both as reasonably determine by the bank from time to time.	Principal Payment Half Yearly on January 1 and July 1.	$149,749,847.25	64,136.18

Servicing behaviour on existing debt securities, payment of due interest on due dates on loans and debt securities: As on date of this Shelf Prospectus, there has been no default/delay in payment of principal or interest on any loan or debt securities issued by the NHAI in the past. However, there is one pending consumer case in which NHAI has been made one of the parties against the alleged delay in payment of redemption amount from the registrar. For further details, please refer to chapter ***“Outstanding Litigation and Material Developments”*** on page 110 of this Shelf Prospectus.

CORPORATE GUARANTEE

As on December 31, 2013, NHAI has not issued any corporate guarantee.

COMMERCIAL PAPER

As on December 31, 2013, NHAI has not issued any commercial papers.

Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part; (ii) at a premium or discount; or (iii) in pursuance of an option.

As on December 31, 2013, NHAI has issued bonds at a premium of ₹ 45.46 lakhs. Other than as mentioned herein, NHAI has no outstanding borrowings taken/ debt securities issued for consideration other than cash, whether in whole or part; at a premium or discount; or in pursuance of an option.

SECTION V – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*In the ordinary course of our business, we as well as certain of our officers and employees, subsidiaries are involved in legal, regulatory, arbitral and claims at various levels of adjudication, including criminal cases, civil suits, arbitral claims, taxes including income, employment-related disputes, land-acquisition related disputes and environmental disputes. The total claim against NHAI in all such proceedings is not ascertainable, as the monetary claim against us has not been quantified. The following are certain material legal proceedings involving NHAI as on the date of this Shelf Prospectus. For the purpose of this section, pending legal proceedings where there is monetary claim of ₹ 10,000 lakhs or above (which is approximately 0.1% of the value of fixed assets of NHAI as reflected in the Balance Sheet of NHAI as on March 31, 2013) by/against NHAI have been considered material, as well as criminal, tax-related, and certain material civil, regulatory and environmental proceedings by/against NHAI have been disclosed. This is not an exhaustive presentation of all legal, regulatory, arbitral and administrative proceedings that NHAI is involved in. Also see "**Risk Factors**" on page 13 of this Shelf Prospectus.*

A. PENDING LITIGATION FILED AGAINST NHAI

Criminal Cases/Contempt Petitions

1. Mr. Anil Khandelwal has filed a Writ Petition No. 189/2003 before the Hon'ble High Court of Rajasthan at Jaipur bench against the Land Acquisition Officers, NH-8 and NHAI against the notification for acquisition of the Petitioner's land. The Hon'ble High Court had granted ex-parte status quo order to be maintained by the parties. Thereafter, Mr. Anil Khandelwal has filed a contempt petition being S.B. Civil Contempt Petition No. 502/2003 and a Second Contempt Petition No. 249/2004 against the Land Acquisition Officer, National Highway No. 8 and officers of NHAI before the Hon'ble High Court of Rajasthan at Jaipur Bench challenging NHAI's taking possession of the land in excess of the notified land under the Gazette Notification and the land acquisition officer has taken possession of the land which was not under acquisition. The Petitioner has prayed that the contempt petition be allowed and the non-petitioners may kindly be punished for deliberate and willful commissioning of offence by taking possession of the land which was not under acquisition and being a contempt of the Hon'ble High Court's order under Writ Petition No. 189/2003. The matter is currently pending before Hon'ble High Court.

2. Labour Enforcement Officer has filed a case i.e. Case No. 177/2012 titled as Labour Enforcement Officer Vs Avnish Kumar Jain (the then Project Director, PIU, Jaipur, NHAI) before Civil Judge (Jr. Div) and Judicial Magistrate No – 8 Jaipur. Labour Enforcement Officer has alleged that during inspection under the Contractual Labour (Regulation and Abolition) Act, 1970, stating that the respondent has violated the Rule 81(2)(1), rule 74, 81, 72 of the above said rule. However service of respondent is pending. The matter is currently pending.

Environmental and other regulatory cases

3. Legal Aid Committee, National Green Tribunal Bar Association has filed an application number 151 of 2013 against Union of India & Ors. before National Green Tribunal at New Delhi, impleading NHAI as one of the Respondents (Being Respondent No. 10). The application is with respect to environmental issues in the wake of recent tragedy that has struck Uttarakhand. The Applicant has prayed before the Hon'ble Tribunal for directing the Respondents 1, 2, 3 and 8 to place on record the actions initiated under various environmental regulations/laws to for protection and preservation of Gangotri – Uttarakashi region and deal with disaster, cumulative impact assessment for Hydro Projects for Himalayan river in Uttarakhand, Rules & Regulations to regulate unauthorized constructions on river bodies and measures taken to prevent such constructions etc. The matter is currently pending.

2. Mr. Rohit Choudhary has filed an application number 174 of 2013 against Union of India & Ors. before National Green Tribunal at New Delhi, impleading NHAI as one of the respondents (Being Respondent No.4) against the non compliance of environmental clearance conditions imposed by Ministry of Environment & Forest, dated May 31, 1991 to Numaligarh Refinery Ltd. which is resulting in large scale mortality of wild animals and disturbance to their habitats near Kaziranga National Park. The Applicant has prayed before the Hon'ble Tribunal to direct the Respondents to take immediate steps to comply with the conditions in the Environmental Clearance, direct that no expansion/widening to take place for the existing stretch of NH-37, direct action against concerned agency including government officials for willful non compliance of environmental clearance conditions etc. The matter is currently pending.

3. Mr. Rajpal Yadav & Ors. has filed an application number 155 of 2013 against Union of India & Ors before National Green Tribunal at New Delhi, impleading NHAI (Being Respondent No. 9) as one of the Respondents, against blatant illegality and violations of numerous environmental obligations by the Respondents in relation to a proposed road widening project in Gurgaon being undertaken by Respondent No. 5 i.e. Haryana Urban Development Authority ("**HUDA**") and Respondent No. 8 ("**DLF**".). The Applicant has prayed before the Hon'ble Tribunal to declare the road expansion Project of Respondent 5 and 8 as illegal and contrary to the provisions of Environmental Protection Act, restraint Respondent No. 8 and its agents, officials and assigns from making any construction and felling of trees on the land and directing Respondent No. 3 i.e. State of Haryana to ensure no further felling of trees is permitted near NH-8 without the consent of the residents of the area. The matter is currently pending.

4. Mrs. Krishna Devi has filed an application number 156 of 2013 against Union of India & Ors before National Green Tribunal at New Delhi, impleading NHAI (being Respondent No. 9) as one of the Respondents, against blatant illegality and violations of numerous environmental obligations by the Respondents in relation to a proposed road widening project in Gurgaon being undertaken by Respondent No. 5 i.e. HUDA and Respondent No. 8 ("**DLF**"). The Applicant has prayed before the Hon'ble Tribunal to declare the road expansion Project of Respondent 5 and 8 as illegal and contrary to the provisions of Environmental Protection Act, restraint Respondent No. 8 and its agents, officials and assigns from making any construction and felling of trees on the Applicants land and directing Respondent No. 3 i.e. State of Haryana to ensure no further felling of trees is permitted near NH-8 without the consent of the residents of the area. The matter is currently pending

5. Mrs. Ranjana Jetley & Ors. has filed an application number 127 of 2013 against Union of India & Ors before National Green Tribunal at New Delhi against blatant illegality and violations of numerous environmental obligations by the Respondents in relation to a proposed road widening project in Gurgaon being undertaken by Respondent No. 5 i.e. HUDA and Respondent No. 8 ("**DLF**".). The Applicant has prayed before the Hon'ble Tribunal to declare the road expansion Project of Respondent 5 and 8 as illegal and contrary to the provisions of Environmental Protection Act, restraint Respondent No. 8 and its agents, officials and assigns from making any construction and felling of trees on the Applicant's land and directing Respondent No. 3 i.e. State of Haryana to ensure no further felling of trees is permitted near NH-8 without the consent of the residents of the area. The matter is currently pending.

6. Mr. Aditya N Prasad has filed an application number 82 of 2013 against Union of India & Ors. before National Green Tribunal at New Delhi impleading NHAI as one of the respondent for directing the respondents to stop concretization around trees and complete the process of deconcretization around the trees in National Capital Territory of Delhi. The Applicant has further prayed for issuing standing orders to all departments to give effect to the guidelines for greening of urban areas, to give wide publicity to ill effects of concretization, to expand the area of deconcretization etc. The matter is currently pending.

Income Tax Cases

1. M/s GVK Jaipur Expressway Pvt. Ltd. was granted the exclusive right and authority to develop, design, finance, procure, engineer, construct, operate and maintain the existing two lanes of NH – 8 from km. 273/500 to km. 363/885 vide Concession Agreement dated May 08, 2002 by the NHAI. Total project cost was ₹ 62,200 lakhs out of which ₹ 21,100 lakhs was provided to M/s GVK Jaipur Expressway Pvt. Ltd. by NHAI as Grant. A notice of demand dated March 18, 2011 was issued by the Income Tax Department to NHAI for an amount of ₹ 780 lakhs (on account of ₹ 21,100 lakhs provided by NHAI to M/s GVK Jaipur Expressway Pvt. Ltd. as Grant) under Section 194C read with Section 201 (1) and Section 201 (1A) of the Income Tax Act from NHAI and in turn the NHAI has vide its letter dated 21.03.2011 demanded M/s GVK Jaipur Expressway Pvt. Ltd. to deposit the same with the Income Tax Authority. M/s GVK Jaipur Expressway Pvt. Ltd. has filed a writ petition being W.P. No. 4327 of 2011 before the Hon'ble High Court of Rajasthan at Jaipur Bench against Union of India, NHAI, Assistant Commissioner of Income Tax and Additional Commissioner of Income Tax challenging the demand order dated March 18, 2011 and has prayed that the Hon'ble High Court may pass appropriate writ order or direction against the impugned order dated March 18, 2011 to be quashed, rectified, modified or cancelled, interim relief by appropriate order or by injunction to stay demand till disposal of writ etc. The matter is currently pending.

2. M/s Riangdo Veneers Private Limited has preferred a Writ Petition No. 6460/07 before Hon'ble High Court of Gauhati, NHAI has been impleaded as Respondent No. 1. Petitioner is carrying out the business of

supplying and erection of STP (SP-76) for NHAI Project Implementation Unit (PIU) in Nagaon pursuance to work order No. NHAI/NGN/33023/01/06/1274 dated January 1, 2007. In due course of supply and erection of poles , the petitioner submitted their invoices and necessary payment being made by respondent No. 1 after deducting the Assam VAT at source in favour of the respondent No. 2 i.e. Superintendent of taxes as per prevailing directions of State Tax Department. The petitioner claims that Assam VAT is not applicable in their case as it is interstate trade, the petitioner is paying the Central Sales Tax on value of pole supplies. The matter was also referred by Project Director, NHAI, Nagaon to superintendent of taxes, Sale Tax Department, however no direction have been received by from Sale tax department. Therefore, petitioner filed said the writ petition. The matter is currently pending.

Arbitration Cases

The following arbitration cases are initiated by Contractors/ Concessionaire against NHAI in relation to various projects across India:

1. M/s Soma Isolux NH One Tollway Private Limited has initiated arbitration proceeding against NHAI in relation to development of Panipat – Jalandhar section of NH – 1 from km. 96.00 to km. 387.10 in the state of Haryana and Punjab. The Claimant/Concessionaire has raised various claims on account of loss of revenue due to delay in finalizing location of toll plaza, delay in commencement of toll operation, loss of fee revenue on account of default by NHAI, compensation for increase in overheads, idling cost, loss of opportunity, damages for delay in fulfillment of Condition Precedent and delay in handing over the site etc. The Concessionaire has raised a claim of ₹ 5,75,329 lakhs including interest. The matter is currently pending.

2. M/s IL&FS Engg. & Construction Company Limited has initiated arbitration proceeding against NHAI in relation in to Contract Package relating to widening and strengthening of existing NH- 36 from km. 35.862 to km. 5.50 of Daboka-Nagaon section (Package No. EW-II (AS-17)) in State of Assam under Phase II programme of NHDP. The Claimant/Contractor has raised various claims on account of additional costs /losses/damage suffered due to prolongation of the contract, cost incurred on account of levy of workers welfare cess etc. The amount claimed by the Contractor is ₹ 25,650 lakhs and interest thereon. The matter is currently pending.

3. M/s IL&FS Engg. & Construction Company Limited has initiated arbitration proceeding against NHAI in relation to the work of widening and strengthening of existing NH- 37 from km. 230.50 to km. 205.00 of Dharmatul to Sonapur section (Package No. EW-II (AS-19)) in State of Assam. The Claimant/Contractor has raised various claims on account of additional costs /losses/damage suffered due to prolongation of the contract, cost incurred on account of levy of workers welfare cess etc. The amount claimed by the Contractor is ₹ 20,368 lakhs and interest thereon. The matter is currently pending.

4. M/s Maharia Raj (JV) & Anr. has initiated arbitration proceeding against NHAI in relation to works of widening of six laning of km 44.000 to km 66.000 of NH-1 (Contract Package Number NS –17(HR)) in the state of Haryana. The Claimant/Contractor has raised various claims pertaining to loss of overheads occurred due to non-availability of site, claim on account of loss of profit during idling period, loss on account of idling, loss of bonus, loss on account of confiscation of equipments etc. The amount claimed by the Contractor is ₹ 19,795 lakhs and interest thereon. The matter is currently pending.

5. M/s BSCPL Infrastructure Ltd has initiated arbitration proceeding against NHAI in relation to contract for the work of four laning of Ayodhya to Gorakhpur Section of NH-28 from km 208.00 to km 251.700 in the State of Uttar Pradesh [Contract Package Number LMNHP-EW-II(WB-6)]. The Claimant/Contractor has raised various claims pertaining to payment for carrying out Sub-soil stabilization work, wrongful recovery of certified and aid amounts for sand in cover portion reinforcement, non-payment of bonus etc. The amount claimed by the Contractor is ₹ 12,951 lakhs. The matter is currently pending.

6. M/s Hindustan Construction Company Limited (HCC) has initiated arbitration proceeding against NHAI in relation to the construction of Chennai Bypass Phase II, connecting NH-4 and NH-5 and Widening of Chennai Bypass Phase –I connecting NH-45 and NH-4 in the State of Tamil Nadu. The Claimant/Contractor has raised various claims pertaining to outstanding differential amount, together with price adjustment with interest. The amount claimed by the Contractor is ₹ 23,440 lakhs. The matter is currently pending.

7. M/s AFCONS Infrastructure Limited has initiated arbitration proceeding against NHAI in relation to agreement for execution of six laning of km 556.00 to km 539.00 and km 535.00 to km 527.00 of Hyderabad Bangalore Section of NH-7 in the state of Karnataka (Contract Package Number NS-24/KN). The Claimant/Contractor has raised various claims pertaining to compensation for overhead costs in the extended period of contract, loss of profit due to extended period of contract, compensation for additional expense on account of aggregate consumed in the works in the extended period of contract, reimbursement of entry tax paid by the Contractor on material and machineries etc. The amount claimed by the Contractor is ₹ 15,810 lakhs. The matter is currently pending.

8. M/s You One Maharia (JV) & Anr. has initiated arbitration proceeding against NHAI in relation to Contract regarding works of widening of eight laning of km 16.500 to km 29.295 of NH-1(Contract Package Number NS-18/DL) in state of Delhi. The Claimant/Contractor has raised various claims pertaining to loss of overheads occurred due to non-availability of site, claim on account of loss of profit during idling period, loss on account of idling, loss of bonus, loss on account of illegal confiscation of equipments before termination etc. The amount claimed by the Contractor is ₹ 21,270 lakhs with interest. The matter is currently pending.

9. M/s You One Maharia(JV) has initiated arbitration proceeding against NHAI in relation to works of widening to 4/6 lanes and upgrading of the existing 2 lane road in the state of Andhra Pradesh from Km. 49 to Km. 97 (Champavathi River- Srikakulam of NH-5 (Contract Package Number AP –I). The Claimant/Contractor has raised various claims pertaining to loss of overheads occurred due to non-availability of site, claim on account of loss of profit during idling period, loss on account of idling of equipments, loss on account of illegal confiscation of equipments etc. The amount claimed by the Contractor is ₹ 29,753 lakhs with interest. The matter is currently pending before Arbitral Tribunal however, the Contractor has approached NHAI for amicable settlement. The matter is currently pending.

10. M/s M. B. Patil Construction Limited has initiated arbitration proceedings against NHAI in relation to the balance work of 4 laning from km 464.00 to km 474 of Nagpur-Hyderabad section and from km 9.40 to 22.30 of Hyderabad –Bangalore section of NH-7 in the State of Andhra Pradesh (Contract Package No. NS-23). The Claimant/Contractor has initiated arbitration proceedings against NHAI on account of loss of recovery of overheads, profits and fixed equipment charges, claim for completion of extra cost and expenses, wrongful recovery of mobilization advance, refund of sale tax etc. The amount claimed by the Contractor is ₹ 33,350 lakhs. The matter is currently pending.

11. M/s KMC Constructions Ltd. has initiated arbitration proceedings against NHAI in relation to execution of widening two to four lanes and strengthening of existing two lane carriageway of Udaipur- Ratanpur-Gandhinagar Section of NH-8 from km 278.00 to km 340.00 in the state of Rajasthan and Gujarat (Contract Package Number UG-1-Reg). The Claimant/Contractor has raised various claims pertaining to variations in the price of the works, amount towards escalation to be paid on base rates, amount towards classification of roadway excavation materials, amount towards rebate, amount towards bonuses etc. The amount claimed by the Contractor is ₹ 13,918 lakhs including interest. The matter is currently pending.

12. M/s Bumi-Hiway-DDBL (JV) has initiated arbitration proceeding against NHAI in relation to execution of widening four/six laning and strengthening of existing two lane carriageway of NH-5 from km 233.00 to km 284.00 in the state of Orissa (Contract Package No. OR-VIII). The Claimant/Contractor has raised various claims pertaining to grant of extension of time, setting aside the encashment of Bank Guarantees, directing the respondent to release escalation payments, refund of the rebate deducted etc. The amount claimed by the Contractor is ₹ 15,486 lakhs including interest. The matter is currently pending.

13. M/s Mapex Infrastructure Pvt. Ltd. has initiated arbitration proceeding against NHAI in relation to contract for work of four laning including strengthening of exiting two lane pavement of NH-2 Panagarh (Km 517) to Palsit (Km 581.457) Section in the State of West Bengal. The Claimant/ Contractor have raised various claims on account of bonus for early completion, prolongation cost, delay and disruption cost, mitigation cost for late delivery etc. The amount claimed by the Contractor is ₹ 21,928 lakhs including interest. The matter is currently pending.

14. M/s Somdatt Builders & NCC (JV) has initiated arbitration proceeding against NHAI in relation to construction of four laning and strengthening of exiting two lane section from km 110 to km 140 of NH-2 in the State of Bihar (Contract Package Number IV-C). The Claimant/Contractor has raised various claims

pertaining to losses incurred/ suffered due to deployment of plant and machinery and man power during the extended period of the contract, losses due to overheads incurred, loss of profit, loss due to additional expenditure due extension of Bank Guarantee etc. The amount claimed by the Contractor is ₹ 25,382 lakhs with interest. The matter is currently pending.

15. M/s. Madhucon-Binapuri (JV) has initiated arbitration proceeding against NHAI in relation to the work of widening to four laning including strengthening existing two lane pavement from Vijayawada to Eluru section of NH-5 in state of Andhra Pradesh. The Claimant/Contractor has raised various claims pertaining to non-release of payment towards interim payment certificates and final payment, revision of rates, reimbursement of additional expenditure, interest of delay in payment, varied rates for construction of piles, for clearing and grubbing of area, non-payment of work done in respect of NHAI building etc. The amount claimed by the Contractor is ₹ 13,974 lakhs. The matter is currently pending.

16. M/s. DIC-NCC (JV) has initiated arbitration proceeding against NHAI in relation to East –West Corridor Project-Package VI rehabilitation and upgrading of Radhapur-Deesa Road Section of NH-14 from km 458.00 to km 372.600 in state of Gujarat in relation to payment due on account of rate revision, loss of interest due to delayed payments, payment for additional expenses due to prolongation of contract etc. The amount claimed by the Contractor is ₹ 25,012 lakhs with interest. The matter is currently pending.

17. M/s. DIC-NCC(JV) has initiated arbitration proceeding against NHAI in relation the works of rehabilitation and upgrading of Bamanbore-Garamore road section of NH-8A in State of Gujarat (km 182.600- km 254.537) Package III. The Claimant/ Contactor has raised the claims on account of extra cost of stating at Grade Separator, additional expenses due to change in legislation, etc. The amount claimed by the Contractor is ₹ 13,060 lakhs with interest. The matter is currently pending.

18. M/s Intertoll ICS CECONS O&M Co. Pvt .Ltd (IICPL) has initiated arbitration proceeding against NHAI in relation to execution of operation and maintenance of four lanes highways on NH-8 (Gurgaon-Amer Section) in the State of Haryana/ Rajasthan (Contract Package Number I). The Claimant/Contractor has raised various claims pertaining to non payment of manual toll collection, safety and route patrols & maintenance, periodic maintenance, claim for loss of reputation, loss of profits, wrongful calling of performance bank guarantee etc., delay in award of contract, etc.. The amount claimed by the Contractor is ₹ 13,321 lakhs and interest thereon. The matter is currently pending.

19. M/s Intertoll ICS CECONS O&M Co. Pvt. Ltd has initiated arbitration proceeding against NHAI in relation to execution of operation and maintenance of four lanes highways on NH-2 (Delhi – Agra section) and NH-24 (Moradabad Bypass)(Contract Package-II) (Mathura). The Claimant/Contractor has raised various claims pertaining to toll collection equipment, manual toll collection enhancement and upgrade, periodic maintenance, loss of profits, wrongful calling of bank guarantee etc.. The amount claimed by the Contractor is ₹ 17,075 lakhs and interest thereon. The matter is currently pending.

20. M/s U.P. State Bridge Corporation Ltd. has initiated arbitration proceeding against NHAI in relation to contract for widening and strengthening of NH No. 24 from km. 58.00 to km 93.00 to four lane standard Hapur to Garhmukteshwar (Package-l) (Moradabad) including bridge over river Ganga. The Claimant/Contractor has raised claims totaling to ₹ 12,540 lakhs in addition to interest and cost of arbitration. The matter is currently pending.

21. M/s Oriental Structural Engineers Private limited and M/s KMC (JV) has initiated arbitration proceeding against NHAI in relation contract agreement for execution for Allahabad Bypass Project construction of road from km. 198 to km. 242.708 of NH-2 (Contract Package-ABP-3). The Claimant/Contractor has raised various claims pertaining to payment towards additional shifting of DLC and PQC pavers, payment towards additional detour cost, payment of price adjustment without application of any rebate, and payments of additional works due to revision of FRLs etc require widening. The amount claimed by the Contractor is ₹ 30,294 lakhs. The matter is currently pending.

22. M/s Nagarjuna Construction Limited (NCC) has initiated arbitration proceeding against NHAI in relation to works relating to the four laning from km. 164 to km. 208 of Ayodhya- Gorakhpur Section of NH-28 in State of Uttar Pradesh (Contract Package No. LMNHP-EW-II WB-5). The Claimant/Contractor has raised various claims including loss due to idling, additional expenses, loss due to overheads and establishment due to the prolongation of contract, due to extension of Bank guarantee etc. The amount claimed by the Contractor is ₹ 15,856 lakhs. The matter is currently pending.

23. M/s Prakash Atlanta (JV) has initiated arbitration proceeding against NHAI in relation to contract for construction of segment of Lucknow Bypass joining NH-25 and NH-28 via NH-56 passing through Lucknow city in State of Uttar Pradesh (Contract Package No. EW-15/ UP). The Claimant/Contractor has raised various claims including compensation for loss incurred on account of breaches of Contract conditions, loss of overheads and expected profits, loss due to reduced productivity from Machinery and equipment deployed etc. The amount claimed by the Contractor is ₹ 21,539 lakhs and interest thereon. The matter is currently pending.

24. M/s BSC C&C Kurali Toll Road Limited has initiated the arbitration proceeding against NHAI in relation to the agreement for designing, engineering, finance, construction, operation and maintenance of Kurali Kiratpur Section, Km. 28.600 to Km. 73.200 of NH-21. Among others claimants have raised claim cost of construction of additional culverts, additional costs due to change in law, consolidated claim for extension of time, and compensation for delay etc. The amount claimed by the Contractor is ₹ 13,400 lakhs with interest. The matter is currently pending.

25. M/s HCC has initiated arbitration proceedings against NHAI arising out of contract in relation to execution of Lucknow- Muzaffarpur National Highway Project- 4 laning from Km. 135 to Km. 164 of Ayodya-Gorakhpur Section of NH-28 in the State of Uttar Pradesh (Contract Package-LMNHP-EW-II-WB-4). The Claimant/Contractor has raised various claims pertaining to additional cost incurred due to extended period of contract, losses on account of delays, payment for construction of embankment with fly ash as per additional technical specifications etc. along with interest The amount claimed by the Contractor is ₹ 17,802 lakhs. The matter is currently pending.

26. GMR Ambala Chandigarh Expressways Private Limited has initiated arbitration proceedings against NHAI & Ors. in respect of Ambala-Chandigarh section of NH-152 (old NH-22&21). The Claimant has prayed before the arbitral tribunal that in view of breaches of the Concession Agreement, the provision for payment of negative grant can no longer be given effect, claimant is no longer obliged to make any payment of further negative grant compensation for the losses. The amount involved in matter is ₹ 19,299 lakhs in addition to interest. The matter is currently pending.

27. M/s Jalandhar – Amritsar Tollways Limited has initiated arbitration proceedings against NHAI. The Claimant has claimed that it has incurred additional cost due to construction of extra culverts, RE Wall, work done due to dismantling the existing carriageway and construction of new carriageway in lieu of strengthening the existing carriageway, cost impact due to increase in prices of materials, charges of O & M due to extra quantities and provision for interest on these claims. The amount involved in matter is ₹ 14,050 lakhs. The matter is currently pending.

28. M/s PATI-BEL (JV) has initiated arbitration proceedings against NHAI in relation to the works of four laning & strengthing of existing two lane highway section from km. 321.10 to km. 393.00 on NH-2 in Uttar Pradesh [Contract package-1(C) GTRIP/3]. Various claims have been made by claimants including compensation of non recovery of overheads, prolongation cost, interest paid to bank, compensation for loss of business opportunity, claim on increase in quantities of DBM and embankment and reduction in quantities of WMM, non payment of work executed in connection with redevelopment of borrow areas. The amount involved ₹ 29,061 lakhs. The matter is currently pending.

29. M/s Oriental Pathways (Indore) Pvt. Ltd has filed an application under Section 9 of Arbitration and Conciliation Act, 1996 against NHAI being OMP No. 949 of 2012 before Hon'ble High Court of Delhi seeking to restrain the respondents from enforcing the contents and directions of the letter dated September 18, 2012, restrain the respondent from substituting or superseding the Gazette Notification dated 07/08/2009, not to interfere in collection of the Toll Fee at Single Toll Plaza for the entire length of project etc. The amount involved in the case is ₹ 26,100 lakhs. The matter is currently pending before the Hon'ble High Court of Delhi.

32. M/s PCL-STICCO(JV) has initiated arbitration proceedings against NHAI in respect of Widening to 4/6 lanes and strengthening of existing 2-lanes carriageway of NH-5 from Km 284.000 to Km 338.000 (Ganjam to Sunakhala) in the State of Orissa (Project chainage from Km 284.000 to Km 338.000) Contract Package OR-VII" . The amount involved is ₹ 12,219 lakhs. The matter is currently pending.

Arbitration awards challenged by Contractors before Courts

1. M/s Ganpathi Toll has filed an application under Section 34 of Arbitration and Conciliation Act, 1996 against NHAI being OMP No. 445 of 2010 before Hon'ble High Court of Delhi for partially setting aside an award of the Arbitral Tribunal dated April 16, 2010 pertaining to the widening of the existing two lane section of the NH-8 from km.162.5 to km. 248 between Kotputli and Amer. The Petitioner/Contractor has challenged the award dated April 16, 2010 of the Arbitral Tribunal which has awarded ₹ 169 lakhs to the Petitioner against the claimed amount of ₹ 10,472 lakhs being the amount claimed by the Petitioner for loss suffered due to suspension of traffic, strike of transporters, delay in toll barriers, reduction and variation in rates of fee, damages etc. The Petitioner has prayed before the Hon'ble Court to partially set aside the arbitration award and pass an order in favour of the Petitioner. The matter is currently pending.

Land acquisition cases

Considering the business and purpose of the NHAI, it is imperative for NHAI to have an effective mechanism for the acquisition of land for building roads. Taking this need of NHAI into account, the parliament has enacted the NH Act, a special enactment which overrides the Land Acquisition Act, 1894 in cases where the land is acquired for the purposes of building National Highways. The process of acquiring land is a very cumbersome process and it leads to a large number of disputes. At present there are around 5,551 land acquisition cases pending before various Courts/Tribunals/Competent Authorities for adjudication. However, it is important to state that NHAI does not have any liability to pay the compensation for the acquisition of land since the same is exclusively within the scope of the responsibility of the Union Government.

Miscellaneous Cases

1. Mr. Shamshuddin Miyalal Mushrif has filed a Public Interest Litigation before the Hon'ble High Court of Bombay being No. 7 of 2007 against Union of India, NHAI (as respondent no. 3) & others. In the said petition the Petitioner has challenged the levy and collection of Tolls on Highways contended that the Government of India is expected to provide various amenities like roads and communication to citizens from the regular taxes collected and any collection of Toll which prevents physical travelling on National Highway as illegal and also amounts to extortion. The Petitioner has prayed that respondents shall be directed not to stop any vehicle plying on Highways or any other road for collecting of Toll for any other purpose, unless the Government provides a motorable road for the use of common tax payer. The matter is currently pending.

2. Laxmi Narayan Mangla & Ors. applied for the allotment of NHAI 54EC Bonds Tranche - VII (2006 - 07) in August, 2006 and were duly allotted 1320 Bonds on 31.08.2006 with the maturity date as 31.08.2009 vide Folio No. L0035037. However, Laxmi Narayan Mangla & Ors. have filed a consumer complaint numbered as C.C. No. 119/2011 with the District Consumer Disputes Redressal Forum – VII, New Delhi alleging delay in making payments of the redemption money. The Complainants also prayed for compensation for their alleged mental agony and litigation expenses. The Claimant prayed before the Consumer Court for an order ₹ 181500/- towards delay in repayment of redemption money and order of ₹ 1,00,000 towards mental agony and ₹ 25,000 towards litigation cost. The complainant absented himself and did not file his evidence and the forum therefore the complaint was dismissed. Complainant filed a revision petition No. 2012/14 appeal before State Commission of Delhi. The Hon'ble State Commission directed the forum to restore the complaint subject to the payment of costs. The matter is currently pending.

3. Prakash Hingorani has filed a writ petition numbered as Writ Petition No. 1074 of 2013 against NHAI & Ors. before High Court of Judicature at Bombay. Mr. Pokardas Hingorani had applied for 314 non convertible, redeemable, taxable bonds 2006-07 of ₹ 10,000 each in joint names of himself and his two sons Prakash Hingorani and Raj Hingorani. After death of Mr. Pokardas Hingorani the Bonds got transferred to the remaining joint holders i.e. Prakash Hingorani and Raj Hingorani, the Bonds matured and an amount of ₹ 31,40,000 became payable. As Raj Hingorani was not cooperating the petitioner Prakash Hingorani approached the Finance Manager appointed by NHAI for payment of his 50% share which the NHAI was not agreeable to pay unless the petitioner get an order from the court to that effect. The rules laid down by the respondent allows only lumsum payment, on obtaining the signatures of both the joint holders on the discharge voucher for which the brother of the petitioner was not willing to. The petitioner has prayed before Hon'ble Court to issue a writ of mandamus directing the NHAI to handover 50% of ₹ 31,40,000. The matter is currently pending.

4. Mr. Jagdish Pravin Bhai Patel filed a Civil Miscellaneous Application Number 119/2009 in the court of Civil Judge, S.D.Nasik for grant of succession certificate in respect of state of Late Mrs. Vijayaben Pravin Patel. NHAI has been impleaded as respondent No. 3. NHAI along with respondent No. 4 have been restrained vide interim injunction order from transmitting the Bonds and releasing the interest/redemption amount in favour of Mr. Harish Pravin Patel. The matter is currently pending.

B. PENDING LITIGATION FILED BY NHAI

Arbitration Cases

1. NHAI has initiated an arbitration proceedings against M/s Bridge & Roof Co. (India) Limited in relation to the works of four laning of Bhogpur-Mukeria km 26.00 to km 70 of NH1-A in the State of Punjab (Contract Package no. NS-38(PB). The NHAI has raised before the Arbitral Tribunal various claims pertaining to loss of revenue on account of custom exemption for purchase of hot mix plant by the contractor, damages/deteriorated portion of work due to abandoning of work, increase in liability on account of cost escalation etc. etc. The Hon'ble Arbitral Tribunal has passed a majority award dated November 2, 2013 of ₹ 12 crores in favour of NHAI and a dissenting award dated November 6, 2013 had also been passed in favour of NHAI and the Ld. Arbitrator has awarded a sum of ₹ 37,374 lakhs in favor of NHAI.

2. NHAI has initiated arbitration proceedings against M/s Intertoll ICS CECONS O&M Co. Pvt. Ltd (IICPL) in relation to execution of operation and maintenance of four lanes highways on NH-2 (Delhi – Agra section) and NH-24 (Moradabad Bypass)(Contract Package-II) (Mathura). The NHAI has raised various counter claims pertaining to recovery of advance payment released for toll collection equipment, recovery on account of toll violations, recovery for completing the balance work of periodic maintenance at risk and cost of claimant , recovery of advance payment made towards contract price adjustment etc. The amount involved in the matter is ₹ 20,360 lakhs in addition to interest. The matter is currently pending.

3. NHAI has initiated arbitration proceedings against M/s Intertoll ICS CECONS O&M Co. Pvt.Ltd (IICPL) in relation to execution of operation and maintenance of four lanes highways on NH-8 (Gurgaon-Amer Section) in the State of Haryana/ Rajasthan (Contract Package Number I). The NHAI has raised various counter claims pertaining to recovery of advance payment released for toll collection equipment, recovery on account of, toll violations, recovery for completing the balance work of periodic maintenance at risk and cost of claimant, recovery of advance payment towards contract price adjustment etc. The amount involved in the matter is ₹ 42,691 lakhs in addition to interest. The matter is currently pending.

4. NHAI has initiated arbitration proceedings against M/s PCL-STICCO(JV) in respect of Widening to 4/6 lanes and strengthening of existing 2-lanes carriageway of NH-5 from Km 284.000 to Km 338.000 (Ganjam to Sunakhala) in the State of Orissa (Project chainage from Km 284.000 to Km 338.000) Contract Package OR-VII". The amount involved is ₹ 51,790 lakhs. The matter is currently pending.

5. NHAI has initiated arbitration proceedings against M/s Bumi-Hiway-DDBL (JV) in relation to execution of widening four/six laning and strengthening of existing two lane carriageway of NH-5 from km 233.00 to km 284.00 in the state of Orissa (Contract Package No. OR-VIII). NHAI has raised various counter claims and prayed for setting aside the recommendations of DRB dated 26.02.2005, allow the claim towards liability due to award of balance work to the new contractor, claim towards additional cost for completion of the balance work of the project etc. The amount claimed by the Contractor is ₹ 31,135 lakhs with interest. The matter is currently pending.

Civil cases

1. NHAI has filed an petition under Section 34 of Arbitration and Conciliation Act, 1996 against M/s Hindustan Construction Company Limited Ltd (HCC) being OMP No. 633 of 2012 dated June 29, 2012 before the Hon'ble High Court of Delhi for setting aside an award of the Arbitral Tribunal dated 16.03. 2012 in relation to Allahabad bypass project (ABP -II). The amount awarded by the Arbitral Tribunal in favour of the Contractor was ₹ 14,908 lakhs. The matter currently pending.

2. NHAI has filed an appeal under Section 37(1)(b) of Arbitration and Conciliation Act, 1996 against M/s. Elsamex TWS-SNC (JV) being FAO (OS) No. 537 of 2012 pending before Hon'ble High Court of Delhi challenging the order dated 31.08.2012 passed by the Ld. Single Judge dismissing the Original Misc.

Petition No. 789 of 2012 filed by NHAI for setting aside a part of the award passed by the Arbitral Tribunal dated March 12, 2012. M/s. Elsamex TWS-SNC (JV) has earlier initiated the arbitration proceeding against NHAI in respect of the work of Widening of 4/6 lanes and Strengthening of Existing 2-lane Carriageway of NH-5 in the State of Orissa from Km. 136.500 to Km 199.141 (Bhadrak-Balasore) Project Contract Package- OR-III on account of delay in execution in terms, loss on overheads due to reduced turnover, underutilization of machinery etc. The amount involved in the matter is ₹ 18,600 lakhs. The matter is currently pending before the Hon'ble High Court of Delhi.

3. NHAI has filed an application under Section 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court of Delhi being OMP NO. 493/09 against M/s KNR-Patel (JV) challenging the Arbitration Tribunal Award involving amount of ₹ 16,356 lakhs. The matter is currently pending.

4. NHAI has filed OMP No. 1203/2013 in Hon'ble High Court of Delhi, challenging an arbitral award dated August 8, 2013 under Section 34 of Arbitration and Conciliation Act, 1996 passed by the Arbitral Tribunal in favour of M/s Bridge & Roof Co. (India) Limited in relation to the works of strengthening, rehabilitation and four laning of Jullandhar-Pathankot Section Bhogpur-Muleria km. 26 to km. 70 section of NH1-A in the State of Punjab. M/s Bridge & Roof Co. had initiated arbitration proceedings claiming that NHAI has failed to provide substantial possession of land as per the tender document, other cost. The Arbitral Tribunal had awarded a sum of ₹ 20,064 lakhs in favour of M/s Bridge & Roof Co. (India) Limited and the said claim is challenged by NHAI and in the Hon'ble High Court of Delhi. The matter is currently pending.

5. NHAI has filed an application i.e. OMP 524/2009 before Hon'ble High Court of Delhi under Section 34 of the Arbitration and Conciliation Act, 1996 for setting aside the award passed by the Hon'ble Arbitral Tribunal on 09.05.2009 in favour of PCL-Suncon (JV) in relation to executing the work of four laning and strengthing of existing two lanes between km 317 and km 65 on NH-2 in the State of Uttar Pradesh and Bihar contract No. GTRIP/5 construction package IV A. The amount involved is 20,804 lakhs. The matter is currently pending.

6. NHAI has filed a Special Leave Petition(s) No. 22118-22127/2011. challenging the judgment and order dated 28.01.2011 passed by the High Court of Punjab and Haryana at Chandigarh in CWP No.16619/2009, CWP No.17780/2009, CWP No.19950/2009, CWP No.1021/2010, CWP No.1740/2010, CWP No.6207/2010 CWP No.6282/2010, CWP No.10660/2010, CWP No.14108/2010 and CWP No.16451/2010 where in Hon'ble High Court has declared section 3(G)and 3(J) of National Highways Act, 1956 as ultra vires to the Constitution of India to the extent that the same deny the payment of solatium and interest on the acquisition made under the National Highways Act and erroneously directed that all the acquisition made under National Highways Act would grant solatium and interest in terms similar to those contained in the section 23 and 28 of Land Acquisition Act apart from section 3(G) of National Highways Act, NHAI has prayed before the Hon'ble Supreme Court of India to grant special leave appeal against the said orders of High Court of Punjab & Haryana. NHAI had also prayed for grant of ex-parte ad interim stay on the operation of judgement and order dated January 28, 2011 to the extent of declaration of section 3(G) and 3(J) of National Highways Act, 1956 as ultra vires to the Constitution of India and to the extent of payment of solatium etc. The matter is currently pending.

7. NHAI has filed a petition OMP No. 895/2011 against M/s UEM-Essar (JV) before Hon'ble High Court of Delhi under Section 34 of Arbitartion and Conciliation Act, 1996 to set aside award dated 05.06.2011 and modified on July 11, 2011 in package -IV (Reference 2) for the work of Western Transport Corridor, Tumkur-Haveri, NH-4 Project, rehabilitation and upgrading of Chitradurga-Harihar section of (km 207 to km 284) project and rehabilitation and upgrading of Harihar-Haveri section of (km 284 to km 340) in package-4, in the state of Karnataka. The Petition pertains to Package -IV, which relates to a stretch of 77 kilometeres. NHAI has challenged the award of the Arbitral Tribunal wherein Hon'ble Arbitral Tribunal has quashed the action taken by NHAI pursuant to contract. The other claims awarded by Arbitral Tribunal includes escalation on foreign currency component, extended stay compensation. The amount involved in the matter is 10,485 lakhs. The matter is currently pending.

MATERIAL DEVELOPMENTS

Post December 31, 2013, there are no material developments.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT, Department of Revenue, Ministry of Finance, GoI vide its Notification No. 61/2013 F.No.178/37/2013-(ITA.I) dated August 8, 2013 has authorised NHAI to issue Bonds for an amount not exceeding ₹ 5,00,000 lakhs in one or more tranche(s) in the financial year 2013-14.

At the meeting of the Members of the Board, held on November 13, 2013, the Members of the NHAI approved the issue of the Bonds for an amount not exceeding ₹ 5,00,000 lakhs in one or more tranche(s) in the financial year 2013-14. The Issuer proposes to raise balance amount of upto ₹ 3,69,840* lakhs through the issue of Bonds under one or more tranches prior to March 31, 2014.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es). The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹ 5,00,000 lakhs.*

Consents

Consents in writing from the Members of the Board, the Compliance officer, the Lead Managers to the Issue, Members of the Consortium, Bankers to the Issue, Refund Bank, the Registrar to the Issue, the Legal Advisor to the Issue, Independent Auditors of NHAI for the Issue, the Bankers to the Issuer, Credit Rating Agencies and the Bond Trustee to act in their respective capacities, have been obtained.

Expert Opinion

Except the letters dated December 19, 2013 and December 24, 2013 issued by CARE and BRICKWORK, respectively, in respect of the credit rating for the Bonds, and the report on Financial Statements of NHAI and its subsidiaries, Limited Review Report and Statement of Tax Benefits dated December 27, 2013 issued by Luthra & Luthra Independent Auditors of NHAI, NHAI has not obtained any other expert opinion.

Common form of Transfer

NHAI undertakes that there shall be a common form of transfer for the Bonds issued in physical form and all applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof. Bonds held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith.

No Reservation or Discount

There is no reservation in this Issue nor will any discount be offered in this Issue, to any category of investors.

Previous Public or Right Issues

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of ₹ 1,000 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961, as amended for an amount of ₹ 5,00,000 lakhs with an option to retain oversubscription upto an aggregate amount of ₹ 10,00,000 lakhs through a shelf prospectus dated December 13, 2011 and prospectus tranche I dated December 22, 2011. The opening date of the issue was December 28, 2011 and was scheduled to close for subscription on January

11, 2012, with NHAI having the discretion to close the Issue early by giving an advertisement on or prior to such early closing, in a leading national daily. The authorized bond committee of NHAI decided for an early closure of the subscription list of the Issue i.e. January 05, 2012. The tax free bonds under the issue were allotted on January 25, 2012. Dispatch of refunds pursuant to the issue of bonds was made on January 30, 2012 and trading at BSE and NSE commenced on February 8, 2012.

Pursuant to the said public issue of tax free bonds, the Issuer had raised an amount aggregating to ₹ 10,00,000 lakhs.

Commission or brokerage on previous issues

NHAI incurred an aggregate amount of ₹ 10,799.84 lakhs including service tax on account of brokerage and selling commission in relation to the public issue of tax free bonds in Fiscal 2012. Further NHAI, incurred an aggregate amount of ₹ 366.11 lakhs including service tax on account of brokerage and selling commission in relation to the 54 EC bonds issue in Fiscal 2013.

Change in Statutory Auditors of NHAI during the last three financial years

There is no change in the Statutory Auditors of NHAI during the last three financial years.

Revaluation of assets

NHAI has not revalued its assets in the last five years.

Prohibition by SEBI/Eligibility of NHAI to come out with the Issue

NHAI has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Utilization of Proceeds

NHAI shall utilize the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highways projects as approved by the GoI. NHAI shall not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management and also not to its Subsidiaries. For more information, refer to "***Objects of the Issue***" on page 51 of this Shelf Prospectus.

Statement by the Members of the Board:

i) All monies received out of each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account;
ii) Details of all monies utilised out of each Tranche Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
iii) Details of all unutilised monies out of each Tranche Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
iv) The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of BSE

"BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED JANUARY 07, 2014, PERMISSION TO NHAI TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH NHAI's SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO NHAI. THE EXCHANGE DOES NOT IN ANY MANNER:

a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF NHAI MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER"

Disclaimer clause of NSE

"**AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/226708-U DATED JANUARY 07, 2014 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.**

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURTIES OF THE ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANYOTHER REASON WHATSOEVER."

Jurisdiction

Exclusive jurisdiction for the purpose of Issue is with the competent court of New Delhi, India.

Track record of past public issues handled by the Lead Managers

The details of the track record of the Lead Managers to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers to the Issue.

Listing

Each Series of Bonds will be listed on BSE and NSE as specified in the Tranche Prospectus. For the Issue, NHAI has obtained in-principle approvals for listing of Bonds from BSE and NSE vide letters no. DCS/SP/PI-BOND/17/13-14 and NSE/LIST/226708-U respectively, both dated January 7, 2014, in accordance with SEBI Debt Regulations.

If the permissions for listing and dealing in and for an official quotation of the Series of Bonds under a Tranche Issue are not granted by the Stock Exchange(s), NHAI shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the relevant Tranche Prospectus. If such money is not repaid within eight days after the NHAI becomes liable to repay it (i.e. from the date of refusal or within seven days from the Tranche Issue Closing Date, whichever is earlier), then NHAI and every Member who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money with interest as per the applicable laws.

NHAI shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange(s) mentioned above are taken within twelve Working Days from the Issue Closing Date.

Dividend

No dividends are paid by NHAI.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. All grievances relating to the Issue should be addressed to the Registrar to the Issue and/or the Compliance Officer giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for, amount blocked on Application. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue with a copy to the relevant Stock Exchange.

SECTION VI – ISSUE RELATED INFORMATION
TERMS OF THE ISSUE

The Bonds being offered in the Issue are subject to the provisions of the SEBI Debt Regulations, NHAI Act, CBDT Notification, the terms of this Shelf Prospectus, the Tranche Prospectuses, the Application Form, the terms and conditions of the Bond Trustee Agreement and the Bond Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the GoI /BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1) Authority for the Issue

The GoI, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued CBDT Notification authorising the Issuer to issue the tax free Bonds and allocating an aggregate amount of ₹ 5,00,000 lakhs during the Financial Year 2013-14.

The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2014 by its resolution by circulation dated November 13, 2013. The Issuer proposes to raise balance amount of upto ₹ 3,69,840* lakhs through the issue of Bonds under one or more tranches prior to March 31, 2014.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es). The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹5,00,000 lakhs.*

2) Issue and Status of Bonds

2.1. Public Issue of tax free, secured redeemable non convertible Bonds in the nature of debentures having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, 1961 not exceeding ₹ 5,00,000.00 lakhs in one or more tranches in the financial year 2013-14. The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2014 by its resolution by circulation dated November 13, 2013. The Issuer proposes to raise balance amount of upto ₹ 3,69,840* lakhs through the issue of Bonds under one or more tranches prior to March 31, 2014.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es). The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹5,00,000 lakhs.*

2.2. The Bonds shall be secured pursuant to a Bond Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all the provisions of the Bond Trust Deed. The Issuer is issuing the Bonds in accordance with the CBDT Notification and approval of MoRTH *vide* its letter dated November 14, 2013.

2.3. The securities are issued in the form of tax-free, secured, redeemable, non-convertible bonds in the nature of debenture. The Bonds shall rank pari passu inter-se, and shall be secured by way of first pari passu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof. The claims of the Bondholders shall be superior to the claims of any unsecured creditors and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.

3. **Form, Face Value, Title and Listing etc**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be in dematerialized form as well as physical form. The Issuer has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated November 22, 2013 among the Issuer, CDSL and the Registrar to the Issue and the tripartite agreement dated November 25, 2013 among the Issuer, NSDL and the Registrar to the Issue (collectively, "Tripartite Agreements").

The Issuer shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds allotted in dematerialized form. The Bondholders holding the Bonds in dematerialised form shall deal with the Bonds in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialized form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.3. In case of Bonds issued in physical form, whether on Allotment or on rematerialization of Bonds Allotted in dematerialized form, the Issuer will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a "**Consolidated Bond Certificate**"). In respect of the Consolidated Bond Certificate(s), the Issuer will, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by the Issuer.

3.1.4. **Manner of allotment**

3.1.4.1 Allotment of the Bonds will be in dematerialised form or in physical form. In terms of Bonds issued in dematerialised form, the Issuer will take requisite steps to credit the demat accounts of all Bondholders who have applied for the Bonds in dematerialised form within 12 Working Days from the Issue Closure Date.

3.1.4.2 The Issuer may also issue Letters of Allotment to all Bondholders who have applied for the Bonds in physical form within 12 Working Days from the Issue Closure Date. Subsequent to the payment of the consolidated stamp duty on the Bonds, and upon the issuance of the order from the Collector evidencing the payment of such consolidated stamp duty, the Issuer and the Registrar shall dispatch Consolidated Bond Certificates to all Bondholders holding Letters of Allotment (in terms of the Register of Bondholders as maintained by the Issuer/Registrar), no later than three months from the date of Allotment. Upon receipt by Bondholders of such Consolidated Bond Certificates as dispatched by the Registrar and/or the Issuer, the Letters of Allotment shall stand cancelled without any further action. Prospective Bondholders should note that once Consolidated Bond Certificates have been duly dispatched to all Bondholders who had applied for Bonds in physical form, the Issuer shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds purported to be effected through Letters of Allotment.

3.2. **Face Value**

The face value of each Bond is ₹ 1,000.

3.3. **Title**

3.3.1 In case of:

i) Bonds held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

ii) Bonds held in physical form, the person for the time being appearing in the Register of Bondholders as Bondholder,

shall be treated as Bondholders for all purposes by the Issuer, the Bond Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or the Issuer or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Issuer or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on BSE and NSE. BSE and NSE have given their in-principle listing approval by its letters no. DCS/SP/PI-BOND/17/13-14 and NSE/LIST/226708-U respectively, both dated January 7, 2014. The Designated Stock Exchange for the Issue is BSE.

If the permission to list and trade the Bonds is not granted by NSE and BSE, the Issuer shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the relevant Tranche Prospectus.

The Issuer shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE and BSE will be taken within 12 Working Days from the Issue Closing Date.

3.5. **Market Lot**

3.5.1. The Bonds shall be allotted in physical as well as dematerialized form. As per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialize form, tradable lot is one Bond ("**Market Lot**"). For details of Allotment, please refer "***Issue Related Information – Issue Structure***" beginning on page 137 of this Shelf Prospectus.

3.6. **Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having opted for Allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

4. **Transfer of the Bonds, Issue of Consolidated Bond Certificates etc.**

4.1. **Register of Bondholders**

The Issuer shall maintain at its head office or such other place as permitted under the applicable law a Register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

4.2. **Transfers**

4.2.1 ***Transfer of Bonds held in dematerialized form:***

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 ***Transfer of Bonds in physical form:***

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Issuer for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Issuer or to such persons as may be notified by the Issuer from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

The Issuer will register the transfer of Bonds, provided the Bond Certificate with the details of name, address, occupation, if any, and signature of the transferee on the reverse of the Bond Certificate is delivered to the address of the Registrar mentioned herein, by registered post or by hand delivery. The Issuer shall on being satisfied and subject to the provisions of the charter documents register the transfer of such Bonds in its books.

The buyer(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds shall be paid to the person whose name appears in the register of Bondholders maintained by the Depositories. In such cases, any claims shall be settled inter se between the parties and no claim or action shall be brought against the Issuer or the Lead Managers or the Registrar to the Issue.

4.3. **Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Issuer, but on payment (or the giving of such indemnity as the Issuer may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Issuer being satisfied that the requirements concerning transfers of Bonds, have been complied with.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. In case of ASBA Applicants, the full amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size as specified in the relevant Tranche Prospectus for each Tranche Issue, across any of the Series of Bonds or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment finalized by the Board of Members/Bond Committee.

6. **Deemed Date of Allotment**

Deemed Date of Allotment shall be the date on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of NHAI or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

7. **Subscription**

7.1 Period of Subscription

The Issue shall remain open for the period mentioned below:

Issue Opens on	As specified in the Tranche Prospectus
Issue Closes on	As specified in the Tranche Prospectus

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Shelf Prospectus is Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Consortium Members or Trading Members of the Stock Exchanges is liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

The Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M. during the period indicated above, with an option for early closure or extension as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.

7.2 **Underwriting**

The Issue is not underwritten.

7.3 **Minimum Subscription**

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise in the Issue in the offer document. The Issuer has decided not to set any minimum subscription for the Issue.

8. **Interest**

8.1. **Interest**

For Bondholders falling under Category I, II and III, the Bonds under Tranche [•] Series [•] and Tranche [•] Series [•] shall carry interest at the coupon rate of [•]% p.a. and [•]% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the “Interest Payment Date”, to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be [•]% p.a. and [•]% p.a. for the Tranche [•] Series [•] and Tranche [•] Series [•] respectively.

For Bondholders falling under Category IV, the Bonds under Tranche [•] Series [•] and Tranche [•] Series [•] shall carry interest at the coupon rate of [•]% p.a. and [•]% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be [•]% p.a. and [•]% p.a. for the Tranche [•] Series [•] and Tranche [•] Series [•] respectively.

The coupon rates indicated under Tranche [•] Series [•] and Tranche [•] Series [•] shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.

In case the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively.

If the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/ transferred by Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;

Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;

If on any Record Date, the original Category IV allotee(s)/ transferee(s) hold the Bonds under Tranche [•] Series [•],Tranche [•] Series [•],Tranche [•] Series [•] and Tranche [•] Series [•] for an aggregate face value amount of over ₹ 10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche [•] Series [•] and Tranche [•] Series [•] shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively;

Bonds allotted under Tranche [•] Series [•] and Tranche [•] Series [•] shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;

For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Tranche Issue shall be clubbed and taken together on the basis of PAN.

8.2. Day Count Convention

Interest on the Bonds shall be computed on an actual/ actual basis i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366-a-year basis, on the principal outstanding on the Bonds.

8.3. Interest on Application Money

8.3.1 Interest on application monies received which are used towards allotment of Bonds

We shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment, at the rate of [●]% p.a. and [●]% p.a. on Tranche [●] Series [●] and Tranche [●] Series [●] respectively for Allottees under Category I, Category II and Category III Portion, and at the rate of [●]% p.a. and [●]% p.a. on Tranche [●] Series [●] and Tranche [●] Series [●] respectively for Allottees under Category IV Portion. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rate.

A tax deduction certificate will be issued for the amount of income tax so deducted.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

8.3.2 **Interest on application monies received which are liable to be refunded**

We shall pay interest on application money which is liable to be refunded to the applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment, at the rate of [●]% per annum. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts which are liable to be refunded from three days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rate. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.

A tax deduction certificate will be issued for the amount of income tax so deducted.

Provided that, notwithstanding anything contained hereinabove, the Issuer shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant and/or (c) monies paid in excess of amount of the Bonds applied for. Please refer to "***Rejection of Application***" at page 162 of this Shelf Prospectus.

9. **Redemption**

9.1 The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series as set out in the relevant Tranche Prospectus.

If the due date for redemption, also being the last due date for payment of Coupon/ Interest on the Bonds falls on a day that is not a Working Day, the Maturity/Redemption amount shall be paid on the immediately preceding Working Day along with coupon/ interest accrued on the Bonds until but excluding the date of such payment.

9.2 **Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

9.2.1 ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds.

9.2.2 ***Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Issuer/Registrar to the Issue or the Depositories on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s). However, the Issuer may require the Consolidated Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Issuer or to such persons at such addresses as may be notified by the Issuer from time to time. Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. The Issuer shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with the Issuer.

10. **Payments**

10.1 **Payment of Interest on Bonds**

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2 **Record Date**

The record date for the purpose of Coupon/ Interest Payment or the Maturity/Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as Record Date.

10.3 **Effect of holidays on payments**

If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of Bonds falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the Bonds until but excluding the date of such payment.

INVESTORS SHOULD REFER TO THE RELEVANT TRANCHE PROSPECTUS FOR THE ILLUSTRATION PERTAINING TO EFFECT OF HOLIDAYS ON PAYMENTS AND CASH FLOW STATEMENT.

10.4. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), the Issuer will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). The Issuer shall pay interest at [•]% p.a., over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after the Issuer becomes liable to pay such amounts (expect if such delays are on account of delay in postal channels of the country).

10.5 Issuer's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, the Issuer will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. **Manner and Mode of Payment**

11.1 **Manner of Payment:**

All payments to be made by the Issuer to the Bondholders shall be made in any of the following manners:

11.1.1 ***For Bonds applied or held in electronic form:***

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for such delays on part of the investors.

11.1.2 ***For Bonds held in physical form***

The bank details will be obtained by the Registrar to the Issue from the Application Form or cancelled cheque copy attached for effecting payments.

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

11.2 **Modes of Payment**

The mode of interest/refund/redemption payments shall be undertaken in the following order of preference: All payments to be made by the Issuer to the Bondholders shall be made through any of the following modes:

11.2.1 ***Direct Credit***

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit.

11.2.2 ***NECS***

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf, from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as the Issuer has initiated the process in time.

11.2.3 ***Real Time Gross Settlement ("RTGS")***

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds ₹ 2.00 lakhs shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

11.2.4 ***National Electronic Fund Transfer ("NEFT")***

Payment of refund shall be undertaken through NEFT wherever the Applicants' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

11.2.5 ***Cheques or Demand drafts***

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by the Registrar to the Issue and/or the Issuer and/or as provided by the Depositories. All Cheques or demand drafts as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

11.2.6 For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post, at Applicants' own risk. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as the Issuer has initiated the process in time.

11.3 **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Special Tax Benefit**

The Director General of Income Tax (Exemption), Department of Revenue, Ministry of Finance, GoI in its order dated February 13, 2009 vide order no. DGIT(E)/10(23C)(iv/2009 under Section 10 (23C) (iv) of the Income Tax Act, 1961 has granted exemption to the Issuer.

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, please refer to chapter ***"Statement of Tax Benefits"*** on page 53 of this Shelf Prospectus.

14. **Security**

The Bonds shall rank *pari passu inter-se*, and shall be secured by way of first pari passu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.

15. **Events of Default**

15.1 The Bond Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 below occur.

15.2 The complete list of events of default shall be as specified in the Bond Trust Deed.

15.3 The early redemption amount payable on the occurrence of an Event of Default shall be as detailed in the Bond Trust Deed.

15.4 If an Event of Default occurs which is continuing, the Bond Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Bond Trust Deed, and with a prior written notice to the Issuer, take action in terms of the Bond Trust Deed.

15.5 In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Issuer shall also pay interest on the defaulted amounts.

16. **Bondholder's Rights, Nomination Etc.**

16.1 **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

a) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if modification, variation or abrogation is not acceptable to the Issuer.

b) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

c) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special

Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Issuer shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of this Shelf Prospectus, respective Tranche Prospectus and Bond Trust Deed to be executed between the Issuer with the Bond Trustee.

Special Resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

16.3 **Succession**

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for the Issuer to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on the Issuer to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, the Issuer will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Members of Board of the Issuer in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.4 **Nomination Facility to Bondholder**

16.4.1 The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he was the registered holder of the Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale or transfer or alienation of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at Issuer's administrative office or at such other addresses as may be notified by the Issuer.

16.4.2 The Bondholders are advised to provide the specimen signature of the nominee to the Issuer to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

16.4.3 Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by Issuer's Board, as the case may be, elect either:

(a) to register himself or herself as the holder of the Bonds; or

(b) to make such transfer of the Bonds, as the deceased holder could have made.

16.4.4 Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialized form need not make a separate nomination with the Issuer. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Bonds in physical form, the Applicants are require to fill in the details for 'nominees' as provided in the Application Form.

16.4.5 Further, the Issuer's Board or the Bond Committee as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, the Issuer's Board or the Bond Committee, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

17. Trustee

17.1 The Issuer has appointed SBICAP Trustee Company Limited to act as the Bond Trustee for the Bondholders. The Issuer intends to enter into a Bond Trust Deed with the Bond Trustee, the terms of which will govern the appointment and functioning of the Bond Trustee and shall specify the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trust Deed, the Issuer will covenant with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus under which allotment has been made.

17.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Issuer to the Bond Trustee on behalf of the Bondholders shall discharge the Issuer *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee, having become so bound to proceed, failed to do so.

17.3 The Bond Trustee will protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and they will take necessary action at the Issuer's cost. Further, the Bond Trustee shall ensure that the assets of the Issuer are sufficient to discharge the principal amount at all time under this Issue.

18. Miscellaneous

18.1 Loan against Bonds

The Bonds can be pledged or hypothecated for obtaining loans in accordance with the lending policies of the lending institution.

18.2 Lien

The Issuer shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Issuer.

18.3 Lien on Pledge of Bonds

Subject to applicable laws, the Issuer, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

18.4 **Joint-holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

18.5 **Sharing of Information**

The Issuer may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Issuer, its SPVs and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

18.6 **Notices**

All notices to the Bondholders required to be given by the Issuer or the Bond Trustee shall be published in one national daily newspaper having wide circulation and/or, will be sent by post/courier to the registered Bondholders from time to time.

18.7 **Issue of Duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by the Issuer against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8 **Future Borrowings**

The Issuer shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, subject to applicable consent, approvals or permission that may be required under any statutory/regulatory/contractual requirement and to change its capital structure, on such terms and conditions as the Issuer may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

18.9 **Jurisdiction**

The Bonds, the Trust Deed, the Tripartite Agreement and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue the Courts of New Delhi, India shall have exclusive jurisdiction.

ISSUE STRUCTURE

As authorised under the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Issuer during the Fiscal 2014 shall not exceed ₹ 5,00,000 lakhs. The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2014 by its resolution by circulation dated November 13, 2013.The Issuer proposes to raise balance amount of upto ₹ 3,69,840* lakhs through the issue of Bonds under one or more tranches prior to March 31, 2014.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹1,30,160 lakhs through private placement route on November 25, 2013. The Issuer may raise funds through private placement route during the process of the present Issue and in such case, the Shelf Limit for the Issue shall get reduced by such amount raised and the same shall be disclosed in the respective Tranche Prospectus(es). The Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2014 shall together not exceed the allocated limit of ₹5,00,000 lakhs.*

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Terms of the Issue***" on page 123 of this Shelf Prospectus.

Common Terms of the Bonds

Issuer	National Highways Authority of India
Type of Instrument	Public Issue of Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1000.00 each in the nature of Debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended.
Nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Indebtedness/ Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHAI and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.
Mode of Issue	Public Issue.
Eligible Investors	**Category I*** • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. ** With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14th, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.* **Category II***

	• Companies within the meaning of section 2(20) of the Companies Act, 2013 • Statutory bodies/corporations; • Cooperative banks; • Trusts including Public/ private /religious trusts; • Limited liability partnerships; • Regional rural banks and other legal entities incorporated in India and authorised to invest in the Bonds; and • Partnership firms in the name of partners. ** With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14th, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.* **Category III** The following investors applying for an amount aggregating to above ₹ 10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta. **Category IV** The following investors applying for an amount aggregating to upto and including ₹ 10 lakhs across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Listing	BSE and NSE The Bonds are proposed to be listed within 12 Working Days from the respective Tranche Issue Closing Date.
Put/Call Option	Not Applicable
Rating of the Instrument	The Bonds proposed to be issued under this Issue have been rated “CRISIL AAA/Stable” by CRISIL vide their letter no. VK/NHAI/SN/26759 dated December 16, 2013, “CARE AAA” by CARE vide their letter dated December 19, 2013 and "BWR AAA with Stable Outlook” by BRICKWORK vide their letter no. BWR/BNG/RL/2013-14/NS/0269 dated December 24, 2013 for an amount of upto ₹ 5,00,000.00 lakhs.
Issue Size	As specified in the relevant Tranche Prospectus with aggregate issuance amount in all Tranche Prospectus taken together not exceeding the Shelf Limit.
Option to retain over subscription	As specified in the relevant Tranche Prospectus.
Objects of the Issue	Refer page 51 of this Shelf Prospectus
Details of the utilization of the Proceeds	As specified in the Objects of the Issue on page 51 of this Shelf Prospectus.
Step Up/Step Down Coupon Rate	As specified in the relevant Tranche Prospectus.
Day Count Basis	Actual / Actual i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.
Interest on Application Money	See “***Terms of the Issue - Interest on Application Money***” on page 128 of this Shelf Prospectus.
Default Interest Rate	As specified in the Bond Trust Deed to be executed between the NHAI and the

	Trustee for the Bondholders.
Issue Price	₹ 1,000 for each bond.
Face Value	₹ 1,000 for each bond.
Issue Opening Date	As mentioned in the relevant Tranche Prospectus.
Issue Closing Date	As mentioned in the relevant Tranche Prospectus. The Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.
Pay-in Date	Application Date (Full Application Amount is payable on Application)
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Members of the Authority or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of the Board of the Issuer or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issuance mode of the Instrument	Dematerialized form or physical form as specified by an Applicant in the Application Form.
Trading mode of the Instrument	Compulsorily in dematerialized form**
Settlement mode of the Instrument	1. Direct credit 2. National Electronic Clearing System ("NECS") 3. Real Time Gross Settlement ("RTGS") 4. National Electronic Fund Transfer ("NEFT") 5. Cheques/Pay Order/ Demand Draft For further details in respect of the aforesaid modes, refer to section titled "***Terms of the Issue – Mode of Payment***" on page 131 of this Shelf Prospectus.
Depositories	NSDL and CDSL
Working Day Convention	A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in New Delhi or at any other payment center notified in terms of the Negotiable Instruments Act, 1881
Record Date	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as Record Date.
Security	The Bonds shall rank pari passu inter-se, and shall be secured by way of first pari passu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security requires prior approval and

	authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Transaction Documents	The Shelf Prospectus and the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Managers and the Consortium Agreement. Refer to section titled "***Material Contracts and Documents for Inspection***" on page 171 of this Shelf Prospectus.
Conditions Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of Default	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Provisions related to Cross Default Clause	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Registrar	Karvy Computershare Private Limited
Mode of Application Money	1. At par cheques 2. Demand Drafts 3. ASBA
Market Lot/Trading Lot	One Bond
Bond Trustee	SBICAP Trustee Company Limited
Role and Responsibilities of Debenture Trustee	The Bond Trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.
Governing Law and Jurisdiction	The laws of the Republic of India

*** NHAI will make public issue of the Bonds in the dematerialised form as well as physical form. However, in terms of Section 8 (1) of the Depositories Act, NHAI, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

Options	Series of Bonds Category I, II & III#	
	Tranche [•] Series [•]	Tranche [•] Series [•]
Coupon Rate (%) p.a.	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Annualized Yield (%)	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds

Options	Series of Bonds Category IV#	
	Tranche [•] Series [•]	Tranche [•] Series [•]
Coupon Rate (%) p.a.	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Annualized Yield (%)	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Common Terms	**Series of Bonds Category I, II, III & IV#**	
Tenor	10 Years	15 Years
Redemption Date	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Minimum Application Size	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
In Multiples of	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	*For various modes of interest payment, see "**Terms of the Issue – Mode of Payment**" on page* 131 of this Shelf Prospectus.	
Coupon Payment Date	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Reset Process	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Type	Fixed coupon rate.	
Interest on Application Money	See ***Terms of the Issue-Interest on Application Money***" on page 128 of this Shelf Prospectus.	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	

#In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:

a. *The coupon rates indicated under Tranche [•] Series [•] and Tranche [•] Series [•] shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.*

b. *In case the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively.*

c. *If the Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] are sold/ transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*

d. *Bonds allotted against Tranche [•] Series [•] and Tranche [•] Series [•] shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;*

e. *If on any Record Date, the original Category IV allotee(s)/ transferee(s) hold the Bonds under Tranche [•] Series [•],Tranche [•] Series [•],Tranche [•] Series [•] and Tranche [•] Series [•] for an aggregate face value amount of over ₹10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche [•] Series [•] and Tranche [•] Series [•] shall stand at par with coupon rate applicable on Tranche [•] Series [•] and Tranche [•] Series [•] respectively;*

f. *Bonds allotted under Tranche [•] Series [•] and Tranche [•] Series [•] shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*

g. *For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Tranche Issue shall be clubbed and taken together on the basis of PAN.*

The Issuer shall allocate and Allot Bonds of Tranche [•] Series [•]/Tranche [•] Series [•] (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Bond series in their Application Form

Terms of Payment

The entire face value per Bond is payable on Application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Bonds than applied for, the Issuer shall refund the amount paid on Application to the Applicant, in accordance with the terms of the respective tranche prospectus.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involves application procedures that are different from the procedure applicable to all other Applicants. However, there is a common Application Form for all Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate as will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges.

The Issuer and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Shelf Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Shelf Prospectus.

This section has been prepared based on SEBI Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 and is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

PLEASE NOTE THAT ALL TRADING MEMBERS WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE/(S) WILL NEED TO APPROACH STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY STOCK EXCHANGE(S).

The Members of the Syndicate and the Issuer shall not be responsible or liable for any errors or omissions on the part of Trading Members in connection with the responsibility of Trading Members in relation to collection and upload of Application Forms in respect of this Issue on the electronic application platform provided by Stock Exchanges. Further, Stock Exchanges will be responsible for addressing Investor grievances arising from Applications through Trading Members.

Availability of Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants who are persons resident in India and authorized to invest in this Issue.

The copies of Shelf Prospectus, Abridged Prospectus containing the salient features of the relevant Tranche Prospectus (for a particular Tranche Issue) together with Application Forms may be obtained from our Head Office, Lead Managers to the Issue, Consortium Members for marketing of the Issue, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally the Shelf and Tranche Prospectus (for a particular Tranche Issue) and the Application Forms will be available for download on the websites of Stock Exchanges at www.nseindia.com and www.bseindia.com. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange(s). Hyperlinks to the websites of the Stock Exchange(s) for this facility will be provided on the websites of the Lead Managers and the SCSBs.

In addition, Application Forms would also be made available to all the recognised stock exchanges. Further, Application Forms will also be provided to Trading Members at their request.

We may provide Application Forms for being filled and downloaded at such websites as we may deem fit. The Issuer may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders'.

Who can apply:

The following categories of persons are eligible to apply in the Issue:

Category I*:

- Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.

**With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.*

Category II*:

- Companies within the meaning of section 2(20) of the Companies Act, 2013;
- Statutory bodies/corporations;
- Cooperative banks;
- Trusts including Public/ private /religious trusts;
- Limited liability partnerships;
- Regional rural banks and other legal entities incorporated in India and authorised to invest in the Bonds; and
- Partnership firms in the name of partners.

**With regard to section 372A(3) of the Companies Act, 1956, kindly refer to general circular no. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of section 372A(3) of the Companies Act, 1956.*

Category III:
The following investors applying for and amount aggregating to above ₹ 10 lakhs across all Series in each Tranche Issue

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Category IV:

The following investors applying for and amount aggregating to upto and including ₹ 10 lakhs across all Series in each Tranche Issue

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Note: Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of the investors. The Issuer, the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

Methods of Application

An eligible Investor desirous of applying in the Issue can make Applications by one of the following methods:

1. Applications through the ASBA process; and

2. Non-ASBA Applications.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the Stock Exchanges put in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible Investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

If such systems, infrastructures or processes are put in place by the Stock Exchanges prior to the filing of the Shelf Prospectus or the respective Tranche Prospectus(es), the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Shelf Prospectus or the respective Tranche Prospectus(es), as the case may be. However, if such systems, infrastructures or processes are put in place by the Stock Exchanges after filing of the Shelf Prospectus and the respective Tranche Prospectus(es) but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a reputed national daily newspaper.

Applications through the ASBA process

Please note that application through ASBA is optional for all categories of Applicants.

Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. Applicants can submit their Applications through the ASBA process by submitting the Application Forms to the Designated Branch of the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the "**Syndicate ASBA**"), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations** (**Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat**). Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at *http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries*).

Members of the Syndicate and Trading Members shall, upon receipt of Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

ASBA Applications in electronic mode will only be available with such SCSBs who provide such an electronic facility. In case of ASBA Applications in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application Amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the bidding platform of the stock exchange(s). If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the bidding platform of the stock exchange(s). If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the bidding platform of the stock exchange(s). The Designated Branch of the SCSBs shall stamp the Application Form.

The Issuer, its Members, affiliates, associates and their respective directors/members and officers, Lead Managers, Syndicate members, Trading members and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to Stock Exchanges.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the stock exchange(s) at least one day prior to the Issue Opening Date. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the abridged Prospectus is made available on their websites.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to "***General Information***" on page 39 of this Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Members of the Syndicate or Trading Members of the stock exchange(s), as the case maybe, if not, the same shall be rejected. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.

Please note that you cannot apply for the Bonds through the ASBA process if you wish to be Allotted the Bonds in physical form.

Non-ASBA Applications

(i) ***Non- ASBA Applications for Allotment of the Bonds in dematerialised form***

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Members of the Syndicate or Trading Member of the stock exchange(s), as the case may be, from whom such Application Form is obtained. Applicants may submit duly filled in Application Forms either in physical or downloaded Application Forms to the Members of the Syndicate or the Trading Members accompanied by account payee cheques/ demand drafts prior to or on the Issue Closing Date. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchange(s) at centres mentioned in the Application Form. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any cancellation/withdrawal of their Application or any grievances relating to their Applications.

Upon uploading the Application on the online platform of Stock Exchanges, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application details to the Registrar. The Members of the Syndicate/ Trading Members are requested to note that all payment instruments are required to be banked with only the banking branches of the Escrow Collection Banks, details of which will be available at the websites of the BSE and NSE at www.bseindia.com and www.nseindia.com, respectively. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in Syndicate ASBA Locations which have at least one banking branch of the Escrow Collection Banks. The Registrar shall match the Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. Upon Allotment, the Registrar will credit the Bonds in the demat accounts of the successful Applicants as mentioned in the Application Form.

Please note that neither the Issuer nor the Members of the Syndicate or the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

(ii) ***Non-ASBA Applications for Allotment of the Bonds in physical form***

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members, along with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified in the sections titled "***Applications by various Applicant Categories***" and "***Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form***" at pages 148 and 159, respectively. The Members of the Syndicate and Trading Members shall, upon submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant shall preserve this and should provide the same for any any cancellation/withdrawal of their Application or queries relating to non-Allotment of Bonds in the Issue.

Upon uploading of the Application details, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. The Members of the Syndicate/ Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the BSE and NSE at www.bseindia.com and www.nseindia.com, respectively. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located at Syndicate ASBA Locations which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form. **Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest.**

Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant's sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, the Issuer will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of

interest on the Bonds.

Members of the Syndicate or Trading Members are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardians, at the time of acceptance of the Application Forms.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

To supplement the foregoing, the mode and manner of Application and submission of Application Forms is provided in the following table.

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	i) to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	i) to the Members of the Syndicate; or ii) to Trading Members.

Applications cannot be made by:

a) Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
b) Persons Resident Outside India, Foreign nationals (including Non-resident Indians, Foreign Institutional Investors and Qualified Foreign Investors) and other foreign entities;
c) Overseas Corporate Bodies;
d) Indian Venture Capital Funds;
e) Foreign Venture Capital Investors;
f) Persons ineligible to contract under applicable statutory/ regulatory requirements;
g) Any category of investor other than the Investors mentioned under Categories I, II, III and IV.

In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above and the category of Investors on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of Stock Exchanges by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.

Applications by various Applicant Categories

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, as amended, no mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. Applications made by for Allotment of the Bonds must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) certificate of registration/ incorporation (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, the Issuer reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) Charter document; (ii) the SEBI registration certificate of such Alternative Investment Fund; (iii) a resolution authorising the investment and containing operating instructions; and (iv) specimen signatures of authorised persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all times comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, as amended.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions must be accompanied by certified true copies of (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies and bodies corporate registered under applicable laws in India

Applications made by companies and bodies corporate must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, the Issuer, in consultation with the Lead Manager, reserves the right to reject such Applications.

The Issuer, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that the Issuer and the Lead Managers may deem fit.

Applications by provident funds and pension funds which are authorized to invest in the Bonds

Applications by provident funds and pension funds which are authorised to invest in the Bonds, must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Application Size

Applications are required to be for a minimum of [●] Bonds and multiples of [●] Bond thereafter.

Applications for Allotment of Bonds in the dematerialised form

As per the provisions of the Depositories Act, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between NHAI, the Registrar to the Issue and the respective Depositories (CDSL/NSDL) for offering depository option to the Bondholders, for issue and holding the Bonds in dematerialized form.

a) All Applicants can seek Allotment in dematerialised mode or in physical form. Applications made for receiving Allotment in the dematerialised form without relevant details of his or her depository account are liable to be rejected.

b) An Applicant applying for the Bonds must have at least one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.

c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) in the Application Form.

d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.

e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.

f) If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details', in the Application Form, it is liable to be rejected.

g) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.

h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. BSE and NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.

i) The trading of the Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Depositories Act.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Investments by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.

(b) With respect to Investments by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.

(c) With respect to Investments made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issue

PAYMENT INSTRUCTIONS

Payment mechanism for ASBA Applicants

An ASBA Applicant shall specify details of the ASBA Account in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will be uploaded onto the electronic platform of the Stock Exchange(s) and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be (A list of such branches is available at *http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries*). The relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved and upon receipt of intimation from the Registrar, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment mechanism for non ASBA Applicants

The Issuer shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

The Escrow Collection Banks will act in terms of the tranche prospectus(es) and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account are per the terms of the Escrow Agreement and the tranche prospectus(es).

Accordingly, the Issuer shall open and maintain a the escrow account with the Escrow Collection Bank(s) in connection with all application monies received from the Applicant, ("**Escrow Account**"). All application monies received from the Applicants shall be deposited in the Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Bond Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account.

Payment into Escrow Account

Each Applicant (except ASBA Applicant) shall draw a cheque or demand draft for the Application Amount as per the following terms:

a) The payment instruments from all Applicants shall be payable into the Escrow Accounts drawn in favour of "[●]".

b) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.

c) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.

d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.

e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants whose Applications have not been allotted Bonds.

f) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

g) Cash/stock invest/money orders/postal orders will not be accepted.

Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Issuer, the Lead Managers, the Escrow Collection Banks and the Registrar to facilitate collections from the Applicants.

The Escrow Collection Banks will act in terms of the Shelf Prospectus, the relevant Tranche Prospectus(es) and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for the Issuer to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in this Shelf Prospectus are executed.

Submission of Application Forms

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

Additional information for Applicants

1. Application Forms submitted by Applicants (except for Applicants applying for the Bonds in physical form) whose beneficiary accounts are inactive shall be rejected.

2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate/ Trading Member or the relevant Designated Branch, they are liable to be rejected.

Applicants are advised not to submit Application Forms to Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB) and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

The Issuer will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the relevant Tranche Prospectus with the Stock Exchanges and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

(a) Applications must be made in the prescribed Application Form.

(b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the relevant Tranche Prospectus(es) and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.

(c) Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in the relevant Tranche Prospectus(es).

(d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(e) Applications should be in single or joint names and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

(f) Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.

(g) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the relevant Tranche Prospectus(es) and in the Application Form.

(h) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

(i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

(j) Applications for all the Series of the Bonds may be made in a single Application Form only.

(k) All Applicants are required to tick the relevant box of the "Mode of Application" in the Application Form, choosing either the ASBA or Non-ASBA mechanism.

(l) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch; otherwise the Application is liable to be rejected.

(m) It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.

(n) Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

We shall allocate and Allot Bonds of Tranche [●] Series [●]/Tranche [●] Series [●] (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of Bonds applied for.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALISED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF PERSON WHOSE NAME APPEARS FIRST IN THE DEPOSITORY ACCOUNT AND SIGNATURE OF ONLY THIS PERSON WOULD BE REQUIRED IN THE APPLICATION FORM. THIS APPLICANT WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF JOINT HOLDERS AND WOULD BE REQUIRED TO GIVE CONFIRMATION TO THIS EFFECT IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds (for non-ASBA Applicants), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds

to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the Escrow Collection Banks, nor the SCSBs, nor the Issuer shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of Stock Exchanges by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and the Issuer, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Further, please note that any such delay shall be at such Applicants' sole risk and neither the Issuer, Escrow Collection Banks, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, the Issuer in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund orders/Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

(a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the online facilities of Stock Exchanges. The Lead Managers, the Issuer, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.

(b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by Stock Exchanges. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Tranche Issue Closing Date.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the Bonds, as available on the websites of Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Members of the Syndicate, SCSBs and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN (of the first Applicant, in case of more than one Applicant), Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non – ASBA Applications), Bank code for the SCSB where the ASBA Account is maintained (for ASBA Applications), Bank account number (for ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.

(e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated/ Allotted by the Issuer. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Issuer, and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Issuer, the management or any scheme or project of the Issuer; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.

(g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Stock Exchanges.

(h) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment.

General Instructions

Do's

- **Check if you are eligible to apply as per the terms of the Shelf Prospectus, relevant Tranche Prospectus(es), Abridged Prospectus and applicable law;**

- **Read all the instructions carefully and complete the Application Form;**

- If the Allotment of the Bonds is sought in dematerialized form, ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;

- Applications are required to be in single or joint names (not more than three);

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;

- Ensure that Applications are submitted to the Members of the Syndicate, Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;

- Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be;

- Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;

- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;

- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be mentioned, and for HUFs, PAN of the HUF should be provided. For minor applicants, applying through the guardian, it is mandatory to mention the PAN of the minor applicant. Any Application Form without the PAN is liable to be rejected. In case of Applications for Allotment in physical form, Applicants should submit a self-certified copy of their PAN card as part of the KYC documents. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;

- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds;

- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

- **Applicants (other than ASBA Applicants) are requested to write their names and Application number on the reverse of the instruments by which the payments are made;**

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;

- Do not pay the Application amount in cash, by money order, postal order, stock invest;

- Do not send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;

- Do not submit Application Forms to the Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB);

- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;

- Do not fill up the Application Form such that the Bonds applied for exceeds the Issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;

- Do not submit the Application Forms without the Application Amount for number of Bonds applied for; and

- Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.

- Do not make an application of the Bonds on multiple copies taken of a single form

Additional instructions specific for ASBA Applicants

Do's

- Before submitting the physical Application Form with the Member of the Syndicate at the Syndicate ASBA Application Locations ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;

- For ASBA Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Members of the Syndicate at the Syndicate ASBA Application Locations or the Trading Members and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar;

- For ASBA Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar or the Members of the Syndicate or Trading Members.

- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;

- Ensure that you have mentioned the correct ASBA Account number in the Application Form;

- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Members of the Syndicate at the Syndicate ASBA Application Locations, or to the Trading Members, as the case may be;

- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and

- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, or the Trading Member, as the case may be, for the submission of the Application Form.

- In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications

Don’ts

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts;

- Do not submit the Application Form with a Member of the Syndicate or Trading Member at a location other than the Syndicate ASBA Application Locations;

- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a member of the Syndicate at the Syndicate ASBA Application Locations, or a Trading Member, as the case may be; and

- Do not submit more than five Application Forms per ASBA Account.

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Syndicate ASBA Application Location or with the Members of the Syndicate or Trading Members and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Shelf Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Consortium Members or Trading Members are liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form

Any Applicant who wishes to subscribe to the Bonds in physical form shall undertake the following steps:

- **Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form.** The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialised form.

- Please provide the following documents along with the Application Form:

  (a) Self-attested copy of the PAN card;
  (b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:

    - ration card issued by the GoI; or
    - valid driving license issued by any transport authority of the Republic of India; or
    - electricity bill (not older than three months); or
    - landline telephone bill (not older than three months); or
    - valid passport issued by the GoI; or
    - voter’s identity card issued by the GoI; or
    - passbook or latest bank statement issued by a bank operating in India; or
    - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
    - AADHAR letter issued by Unique Identification Authority of India (UIDAI).
    - Self-attested copy of a cancelled cheque of the bank account to which the amounts

pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

In absence of the cancelled cheque, the Issuer may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Issuer, Lead Managers and Registrar shall not be liable for any delays/ errors in payment of refund and/ or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforestated documents, may be rejected at the sole discretion of the Issuer

In relation to the issuance of the Bonds in physical form, please note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.

2. In case of Bonds that are being issued in physical form, the Issuer will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate a "**Consolidated Bond Certificate**")..

3. **Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only. Such Applicant shall not be Allotted the Bonds in physical form.**

4. The Issuer shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public Financial Institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of Section 2(20) of the Companies Act, 2013 and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; multilateral and bilateral development financial institutions and State Industrial Development Corporations	The Application must be accompanied by certified true copies of: • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds and National Investment Fund	The Application must be accompanied by certified true copies of:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
	• Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Applicants through a power of attorney under Category I	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/ authorized signatory as per the relevant resolution.
HUF through the Karta under Categories III and IV	The Application must be also accompanied by certified true copies of: • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category II and Category III	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney has to be lodge with the Application Form

Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be assumed to have given confirmation to this effect in the Application Form.

B. Additional/Muliple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of ₹ [●] and in multiples of ₹ [●]

thereafter, for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding ₹ 10,00,000 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

C. Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

(i) the tripartite agreement dated November 22, 2013 was entered amongst the Issuer, the Registrar and CDSL and the tripartite agreement dated November 25, 2013 was entered amongst the Issuer, the Registrar and NSDL, for offering depository option to the Applicants.

(ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.

(iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, see the sections titled "***Methods of Application***" and "***General Instructions***" on pages 145 and 156, respectively.

D. Communications

All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of the Issuer/ Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund orders, etc., Please note that Applicants who have applied for the Bonds through Trading Members should contact the Stock Exchanges in case of any Post-Issue related problems, such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund orders, etc.

Rejection of Applications

The Issuer reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for being less than the minimum Application size;
- Applications not being signed by the sole/first Applicant;
- Applications submitted without payment of the Application Amount;
- Applications submitted without payment of the full Application Amount. However, in cases where the Application Amount paid, exceeds the number of Bonds applied for, the Applicant may be given allotment provided the number of Bonds applied for is greater than or equal to the minimum

Application Size as specified in the relevant Tranche Prospectus;

- In case of Applicants applying for Allotment in physical form, date of birth of the sole/ first Applicant not mentioned in the Application Form;
- Investor Category in the Application Form not being ticked;
- In case of Applications for Allotment in physical form, bank account details not provided in the Application Form;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- In case of partnership firms, Application Form submitted in the name of the partnership firm;
- Applications by stock invest or accompanied by cash/money order/postal order;
- Applications made without mentioning the PAN of the Applicant;
- GIR number mentioned in the Application Form instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications submitted directly to the Escrow Collection Banks (if such Escrow Collection Bank is not an SCSB);
- ASBA Applications submitted to the Members of Syndicate or a Trading Members at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to the Issuer or the Registrar to the Issue;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- Applications for an amount below the minimum Application size;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications (except for ASBA Applications) where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Non- ASBA Applications accompanied by more than one payment instrument;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;

- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds; and
- Applications by non-resident investors;
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be.

- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by Applicants not permitted to subscribe to the Issue; and
- Application Forms received after the closure of the Issue shall be rejected.

For further instructions regarding Application for the Bonds, Applicants are requested to read the Application Form.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

i) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, ("**Category I Portion**");

ii) *Applications received from Category II applicants:* Applications received from Category II shall be grouped together, ("**Category II Portion**");

iii) *Applications received from Category III applicants:* Applications received from Category III applicants shall be grouped together, ("**Category III Portion**").

iv) *Applications received from Category IV applicants:* Applications received from Category IV applicants shall be grouped together, ("**Category IV Portion**").

For removal of doubt, "Category I Portion", Category II Portion", Category III Portion" and the "Category IV Portion" are individually referred to as "Portion" and collectively referred to as "Portions"

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, the Issuer shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case the Issuer opts to retain any oversubscription in the Issue upto the Shelf Limit.

Allocation Ratio

Reservations shall be made for each of the Portions in the below mentioned format and shall be indicated at the relevant Tranche Prospectus(es):

Particulars	Category I	Category II	Category III	Category IV
Size in %	[●]% of the Issue Size	[●]% of the Issue Size	[●]% of the Issue Size	[●]% of the Issue Size

The Issuer would allot Tranche [●] Series [●] Bonds/ Tranche [●] Series [●] (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Basis of Allotment

As mentioned in relevant Tranche Prospectus.

Investor Withdrawals and Pre-closure

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their ASBA Applications during the Issue Period by submitting a request for the same to Members of the Syndicate or Trading Members of the stock exchange(s) or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the stock exchange(s) at the specified cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the bidding platform of the stock exchange(s). In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the bidding platform of the stock exchange(s) and unblocking of the funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for thesame to Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, through whom the Application had been placed. Upon receipt of the request for withdrawal from the Applicant, the relevant Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, shall do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the bidding platform of the stock exchange(s).

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Basis of Allotment.

Allotment Advice/ Refund Orders

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

i. **Direct Credit** – Applicants having bank accounts with the Refund Banks shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Issuer.

ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres which have been notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

iii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

iv. **RTGS** – If the refund amount exceeds ₹ 2,00,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by the Issuer. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

v. For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

In the case of Applicants other than ASBA Applicants, applying for the Bonds in dematerialised form, the Registrar will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant's sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 (twelve) Working Days of the Issue Closing Date.

The Issuer and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret/ Refund Orders by registered post/speed post/ordinary post at the Applicant's sole risk, within 12 Working Days from the Issue Closure Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

Further,

a) Allotment of Bonds in the Issue shall be made within a time period of 12 Working Days from the Issue Closure Date;

b) Credit to dematerialised accounts will be given within two Working Days from the Date of Allotment;

c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the applicants within 12 Working Days from the Issue Closure Date, for the delay beyond 12 Working Days; and

The Issuer will provide adequate funds to the Registrar for this purpose.

Filing of the tranche prospectus(es) with the Stock Exchanges

A copy of the tranche prospectus(es) shall be filed with the BSE and NSE.

IMPERSONATION

"*Any person who—*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.

shall be liable for action"

Listing

The Bonds will be listed on BSE and NSE.

If permissions to deal in and for an official quotation of our Bonds are not granted by the Stock Exchanges, the Issuer will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Shelf Prospectus. The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at Stock Exchanges are taken within 12 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, such Bonds with Series of Bonds shall not be listed.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals.

Undertaking by the Issuer

We undertake that:

a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;

b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;

c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar to the Issue by the Issuer;

d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;

e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Trustee at the end of each half year;

f) we shall disclose the complete name and address of the Trustee in our annual report; and

g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the tranche prospectus(es).

h) We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by the Issuer from time to time.

SECTION VII - MAIN PROVISIONS OF NHAI ACT

INTRODUCTION:

1. The development and maintenance of national highways is fully financed by the Central Government as this function comes within entry 23 of the Union List of the Seventh Schedule to the Constitution. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highways system.

2. Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties were experienced from time to time. Hence, came the proposal for creation of an autonomous body. In this backdrop, the NHAI Act was passed providing for the constitution of an authority for the development maintenance and management of national highways and for matters connected therewith or incidental thereto.

3. Salient features of NHAI Act are as follows:

   (a) NHAI, consist of a Chairman and not more than five full time members to be appointed by the Central Government. The Central Government may also appoint not more than four part-time members;

   (b) the Central Government is empowered to vest in, or entrust to NHAI such national highways or any stretch thereof, as are vested in the Government under section 4 of the NH Act;

   (c) any land required by NHAI for discharging its functions is deemed to be land needed for a public purpose and such land may be acquired for NHAI under the provisions of the NHAI Act;

   (d) NHAI has power to enter into and perform any contract up to a certain value which will be prescribed by the Central Government;

   (e) the Central Government will provide funds to NHAI for the discharge of its functions;

   (f) NHAI will be responsible for the development, maintenance and management of the national highways which are vested in it by the Central Government;

   (g) NHAI will construct offices, workshops and residential buildings for its employees and construct wayside amenities near the national highways vested in it;

   (h) NHAI will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it under section 7 of the NH Act;

   (i) for the proper management of highways, NHAI will regulate and control the plying of vehicles on the highways vested in it;

   (j) with the approval of the Central Government, NHAI will raise funds through the floating of bonds, issue of debentures etc.

4. In terms of Section 3 NHAI Act, NHAI was constituted with effect from 15.06.1989, vide S.O. 450(E), dated June 15, 1989, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated June 15, 1989 as a body corporate with the statutory mandate to act on business principles.

5. Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any national highway or stretch thereof to NHAI by publishing a notification in the Official Gazette. On and from the date of publication of the said Notification all assets, rights or liabilities of the Central Government in respect of the said national highway or stretch thereof stands transferred to NHAI

including but not limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

6. The main function of NHAI is to develop and maintain national highways whose management and operation is vested in or entrusted to it by the Central Government. In discharge of the aforesaid primary function NHAI is empowered to:

(a) Survey, develop, maintain and manage highway vested in, or entrusted to, it;

(b) construct offices or workshops and establish and maintain hostels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to, it;

(c) construct residential building and townships for its employees;

(d) regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;

(e) develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;

(f) provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of NHAI, necessary for the smooth flow of traffic on such highways;

(g) form one or more companies under the Companies Act to further the efficient discharge of the functions imposed on it by NHAI Act;

(h) engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;

(i) advise the Central Government on matters relating to highways;

(j) assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;

(k) collect fees on behalf of the Central Government for services or benefits rendered under section 7 of the NH Act, and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and

(l) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by NHAI Act.

7. In terms of Section 13 of NHAI Act, any land required by NHAI for discharging its aforesaid functions can be acquired under the NH Act.

8. The provision concerning Finance, Accounts and Audit are dealt with in Chapter V of NHAI Act. Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI.

9. Section 18 of NHAI Act provides for constitution of a fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting *inter-alia* the expenses of NHAI on objects and for purposes authorized by this Act.

10. Importantly, Section 21 of NHAI Act empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act. The section further provides that the Central Government may guarantee the repayment of the amount due with respect to the borrowings.

11. NHAI is statutorily obliged under Sections 22 and 23 of NHAI Act to prepare its Annual Report giving full accounts of its activities during the previous financial year and its required to maintain its account and get the same audited in a manner to be decided in consultation with the Comptroller and Auditor-General of India. The Annual Report and The Auditor's Report are to be laid before the Parliament.

12. Notwithstanding the vesting or entrustment in NHAI of a national highway or section thereof, NHAI remains bound by the directions of the Central Government on questions of policy.

NHAI Act further confers power on the Central Government to make rules for carrying out the provisions of NHAI Act.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by NHAI or entered into more than two years before the date of this Shelf Prospectus) which are or may be deemed material and have been entered or are to be entered into by NHAI. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Head Office of NHAI from 10.00 A.M. to 5.00 P.M., during which Issue is open for public subscription under the respective Tranche Prospectus(es).

MATERIAL CONTRACTS

1. The Memorandum of Understanding dated December 26, 2013 among NHAI and the Lead Managers.
2. The Agreement between NHAI and the Registrar to the Issue dated December 20, 2013.
3. Bond Trustee Agreement dated December 19, 2013 executed between NHAI and the Bond Trustee.
4. Escrow agreement dated January 9, 2014 executed by NHAI, the Registrar, the Escrow Collection Bank(s) and the Lead Managers.
5. Consortium Agreement dated January 9, 2014 executed by NHAI and Consortium Members for marketing of the Issue.
6. Tripartite Agreement among the NSDL, NHAI and Registrar dated November 25, 2013 and Tripartite Agreement among the CDSL, NHAI and the Registrar dated November 22, 2013.

MATERIAL DOCUMENTS

1. The NHAI Act.
2. Copy of the Board resolution dated November 13, 2013 approving the Issue.
3. Copy of Bond Committee resolution dated December 27, 2013 approving the Draft Shelf Prospectus.
4. Copy of Bond Committee resolution dated January 9, 2014 approving the Shelf Prospectus and related matters.
5. Consents of the Members of the Board, the Compliance Officer, Lead Managers to the Issue, Members of the Consortium, Bankers to the Issue, Refund Bank, Independent Auditors of NHAI for the Issue, Bankers to the Issuer, Legal Advisor to the Issue, Credit Rating Agencies, Registrars to the Issue and the Bond Trustee to include their names in this Shelf Prospectus to act in their respective capacities.
6. The consents of the Independent Auditors for NHAI namely Luthra & Luthra, for inclusion of (a) their name as the Independent Auditor, (b) Auditor's report on Reformatted Financial Information of NHAI and its subsidiaries in the form and context in which they appear in this Shelf Prospectus, (c) Limited Review Report, have been obtained and the same will be filed along with a copy of the Shelf Prospectus with the Designated Stock Exchange.
7. Annual report/Financial Statement of NHAI for the last five Financial Years.
8. Report of the Luthra & Luthra dated December 27, 2013 in relation to financial information of NHAI included herein.
9. Report of the Luthra & Luthra dated December 27, 2013 in relation to financial information of Subsidiaries of NHAI included herein.
10. Credit Rating letter dated December 16, 2013, December 19, 2013 and December 24, 2013 by CRISIL, CARE and BRICKWORK respectively for inclusion of their rating in this Shelf Prospectus.
11. The Issuer's letter to SEBI dated December 10, 2013 and SEBI's response through letter no. SEBI/IMD/DOF1/BM/OW/32851/2013 dated December 18, 2013.
12. In principle listing approval received from BSE and NSE vide letters no. DCS/SP/PI-BOND/17/13-14 and NSE/LIST/226708-U respectively, both dated January 7, 2014.
13. Due diligence certificates dated January 9, 2014 filed by the Lead Managers with SEBI.
14. No objection certificate dated November 14, 2013 from Government of India.

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the Bondholders in the interest of NHAI in compliance with the Applicable Laws.

DECLARATION

We, the undersigned, hereby certify that all applicable legal requirements in connection with the Issue, including the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended) and the regulations and guidelines issued by Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, and all applicable guidelines issued by Government of India and any other competent authority in this behalf, have been complied with and no statement made in this Shelf Prospectus is contrary to the provisions of the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be and any other applicable legal requirements.

We further certify that this Shelf Prospectus which is to be read with Tranche Prospectus for each Tranche Issue does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Shelf Prospectus are false, untrue or misleading, and that this Shelf Prospectus does not contain any mis-statements.

Signed by all the members on the Board of NHAI

FULL TIME MEMBERS

Shri R.P. Singh
Chairman, NHAI

Shri. Narendra Kumar, IAS
Member (Administration), NHAI

Shri Sudhir Kumar, IAS
Member (PPP), NHAI

Shri Satish Chandra, IAS
Member (Finance), NHAI

Shri M.P. Sharma
Member (Technical), NHAI

Shri B. N. Singh
Member (Project), NHAI

PART TIME MEMBERS

Shri V. Chhibber, IAS
Secretary, Department of Road Transport & Highways, MoRTH

Smt. Sindhushree Khullar, IAS
Secretary, Planning Commission

Shri Ratan P. Watal, IAS
Secretary, Department of Expenditure, MoF

Shri C. Kandasamy
Director General, Road Development and Special Secretary, MoRTH

Place: New Delhi
Dated: January 9, 2014

APPENDIX I

FINANCIAL INFORMATION OF NHAI

1.	Limited Review Report of NHAI for the period ended 30th September 2013
2.	Independent Auditor's Report on Financial Information of NHAI for the year ended 31st March 2013, 2012, 2011, 2010 and 2009

LIMITED REVIEW REPORT

Review Report to the Members of National Highways Authority of India

We have reviewed the accompanying statement of unaudited financial results of NATIONAL HIGHWAYS AUTHORITY OF INDIA for the period ended 30th September 2013. This statement is the responsibility of the Company's Management and has been approved by the Board of National Highways Authority of India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Garg Singla & Co.
Chartered Accountants
F. Reg. No. 004340N

Ashok Garg
Partner
M. No. 083058

Place: Noida

Date :14-11-13

NATIONAL HIGHWAYS AUTHORITY OF INDIA
G-5 & 6, SECTOR-10, DWARKA, NEW DELHI-110075

Unaudited Financial Results for Half year ended Sept. 30, 2013.

Rs in Lakhs

	Particulars	**Half Year ended Sept. 30, 2013**	**Half Year ended Sept. 30, 2012**	**Year ended March 31, 2013**
		Unaudited		**Audited**
1	**Income:**			
	(a) Net Sales/Income from Operations	NA	NA	NA
	(b) Other Operating Income	NA	NA	NA
2	**Expenditure:**			
	(a) Increase/decrease in stock in trade and work in progress	NA	NA	NA
	(b) Consuption of raw materials	NA	NA	NA
	(c) Purchase of traded goods	NA	NA	NA
	(d) Employees cost	4,762.29	3,919.28	10,093.52
	(e) Depreciation	1.69	1.19	379.16
	(f) Other Expenditure	1,820.48	1,675.22	4,711.91
	(g) Travelling & conveyance expenses	856.69	783.71	2,070.02
	Total	**7,441.15**	**6,379.40**	**17,254.61**
3	**Profit(+)/Loss(-) from operation before Other Income, Interest and Exceptional Items (1-2)**	**(7,441.15)**	**(6,379.40)**	**(17,254.61)**
4	Other Income	372.12	630.67	1,542.81
5	**Profit(+)/Loss(-) from operation before Interest and Exceptional Items (3+4)**	**(7,069.03)**	**(5,748.73)**	**(15,711.80)**
6	Interest	-	-	-
7	Exceptional items	-	-	-
8	**Profit(+)/Loss(-) from ordinary Activities before tax (5)-(6+7)**	**(7,069.03)**	**(5,748.73)**	**(15,711.80)**
9	Tax expense	-	-	-
10	**Net Profit(+)/Loss(-) from ordinary Activities after tax (8-9)**	**(7,069.03)**	**(5,748.73)**	**(15,711.80)**
11	Prior period & Extraofinary Items (net of tax expense)	465.96	344.55	606.47
12	**Net Profit(+)/Loss(-) for the period (10-11)***	**(7,534.99)**	**(6,093.28)**	**(16,318.27)**
13	Capital Base and Cess fund	8,680,865.72	6,731,247.14	8,064,111.97
14	Paid up Long Term Debt Capital	1,865,782.86	1,810,274.89	1,858,641.13
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	41,198.84	41,198.84	41,198.84
16	Debenture Redemption Reserve	-	-	-
17	Earnings Per Share (EPS)	NA	NA	NA

18	Debt Equity (Number of times)**	0.21	0.27	0.23
19	Debt Service coverage Ratio (Profit before interest & Taxes)/principal & Interest expenses)	NA	NA	NA
20	Interest Service Coverage Ratio (Profit before interest & Taxes)/Interest expenses	NA	NA	NA

Notes

*Based on Accounting Policy net expenses are capitalized.

Debt Equity Ration=Paid up Debt Capital/shareholder's Fund*

***Shareholder's Fund=Capital Base and Cess fund and Reserve & Surplus

1). In compliance with the provision of listing agreements, above figures have been subjected to "Limited Review".

2). The figures for the previous year have been regrouped/rearranged wherever necessary to make them comparative.

3). The audit of the accounts of the Authority is carried out by the C&AG on an annual basis.

4). Except in the cases where asset has been disposed off, depreciation for the half year has not been provided.

5). Provisions for payments and accrued incomes as on 30.09.2013 have not been made.

6). No investor complaints are pending as on 30 Sept. 2013.

7). As on 31st March 2013, there is a contingent liability of Rs. 14,002.59 crore against the Authority. Authority has also filed claims for Rs. 3,382.20 crore against various agencies.

For Garg Singla & Co.
Chartered Accountants
F. Reg. No. 004340N

For and on behalf of the Board of the Authority

Ashok Garg
Partner
M. No. 083058

Member (Finance)

Chairman

Place: New Delhi

Date :14-11-13

INDEPENDENT AUDITOR'S REPORT

National Highways Authority of India
G 5&6, Sector 10,
Dwarka,
New Delhi-110 075,
India

Dear Sir,

AUDITOR'S REPORT IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the accompanying financial information of National Highways Authority of India (hereinafter referred to as the ―Authority) (comprising Section A – Reformatted Unconsolidated Financial Information and Section B- Other Reformatted Unconsolidated Financial Information) (Section A and Section B together referred to as ―Reformatted Financial Information) annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Authority in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter. nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. The Reformatted Financial Information have been extracted from the audited financial statements of the Authority. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Authority for the year ended 31st March 2013, 2012, 2011, 2010 and 2009 which have been audited by Comptroller and Auditor of General of India ("C&AG").

2. **Management's Responsibility**

   The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the Authority's management. Our responsibility is to express an opinion on these reformatted financial statements. Board of Members is also responsible for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities. Board of Members is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and SEBI Regulations in connection with the proposed Issue. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Authority's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Authority or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Authority.

4. **Reformatted Financial Information as per Audited Financial Statements**

We have examined the attached 'Statements of Assets and Liabilities' of the Authority for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), 'Profit and Loss Account of the Authority for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), 'Cash Flow Statement' of the Authority for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) , referred to as **'Reformatted Financial Statements'**. Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Authority are not required to be regrouped and reclassified in accordance to Revised Schedule VI of the Act as the Authority is not governed by provision of the Act. However, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements as at / for the year ended 31st March'13.

iii. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

iv. Authority has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers. Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".

vi. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009. which are reproduced in Annexure IX.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

6. **Other Financial Information of the Authority:**

At the Authority's request we have examined the following information relating to the Authority as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII); and

ii. Capitalization Statement as at 31st March, 2013 (Annexure VIII)

7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the Authority, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Authority as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847
Place: N. Delhi
Date: 27.12.13

ANNEXURE- I

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

SL.Nos.		Particulars	Schedule	AS AT MARCH 31				
				2013	2012	2011	2010	2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.		**SOURCES OF FUNDS**						
	1	**Shareholders' Fund**						
		a) Capital	1	8,064,111.97	6,478,534.52	5,519,506.28	4,444,809.00	3,684,339.00
		b) Reserves & Surplus	2	41,198.84	41,198.84	41,198.84	41,198.84	176,531.44
	2	**Grants**						
		a) Capital	3	1,367,489.82	1,367,489.82	1,367,619.80	1,335,654.30	1,308,687.08
	3	**Borrowings**	4	1,860,322.92	1,737,776.66	680,069.34	512,315.49	559,018.83
		TOTAL		**11,333,123.55**	**9,624,999.83**	**7,608,394.26**	**6,333,977.63**	**5,728,576.35**
II.		**APPLICATION OF FUNDS**						
	1	**Fixed Assets**	5					
		a) Gross Block		9,182.64	8,833.34	8,466.66	7,565.79	7,305.90
		b) Less: Depreciation		5,592.43	5,298.41	4,870.61	4,348.77	4,026.95
		c) Net Block		3,590.20	3,534.93	3,596.05	3,217.02	3,278.95
		d) Less: Assets created out of Grants		612.58	612.58	612.58	612.58	611.88
		e) (i) Capital Work- in-Progress		3,715,979.72	4,263,045.51	3,784,750.69	3,402,507.67	2,877,443.68

		(ii) Expenditure on completed projects awaiting transfer/ capitalization		6,928,044.12	4,981,350.38	4,131,643.65	3,152,033.33	2,515,778.88
				10,644,023.84	9,244,395.89	7,916,394.34	6,554,541.00	5,393,222.56
		Total		**10,647,001.46**	**9,247,318.24**	**7,919,377.81**	**6,557,145.44**	**5,395,889.63**
	2	**Investment (At cost)**	**6**	**119,846.89**	**113,263.89**	**107,592.88**	**104,892.88**	**91,882.00**
	3	**Current Assets, Loans and Advance**	**7**					
		a) Inventories		-	-	-	-	-
		b) Sundry Debtors		-	-	-	-	-
		c) Deposits, Loans & Advances		836,326.85	422,869.92	310,810.19	305,869.32	307,112.96
		d) Interest accrued on deposit		28,848.21	13,239.82	621.41	988.87	5,169.31
		e) Interest accrued and due on CALA deposits		17,373.81				
		f) Cash & Bank Balance		773,006.11	1,100,210.97	286,601.18	245,186.17	523,637.09
		sub total		**1,655,554.97**	**1,536,320.70**	**598,032.78**	**552,044.36**	**835,919.36**
		Less: Current Liabilities and Provisions						
		a) Liabilities	**8**	**1,087,390.28**	1,270,398.91	1,015,445.53	879,159.84	594,341.07
		b) Provisions	**9**	**1,889.49**	1,504.08	1,163.68	945.21	773.57
		sub total		**1,089,279.78**	**1,271,902.99**	**1,016,609.21**	**880,105.05**	**595,114.64**
		Net Current Assets		**566,275.20**	**264,417.71**	**(418,576.43)**	**(328,060.69)**	**240,804.72**
	4	**Misc. Expenditure (to the extent not written off)**	**10**	-	-	-	-	-

	5	**Profit & Loss Account (Debit balance, if any)**		-	-	-	-	-
	6	**Significant Accounting Policies**	**18**	-	-	-	-	-
	7	**Notes on Accounts**	**19**	-	-	-	-	-
		TOTAL		**11,333,123.55**	**9,624,999.83**	**7,608,394.26**	**6,333,977.63**	**5,728,576.35**

ANNEXURE – II

REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

SL.Nos.	Particulars	Schedule	FOR THE YEAR ENDED MARCH 31				
			2013	2012	2011	2010	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.	**INCOME**						
	a) Value of Work done		-	-	-	-	-
	b) Other income	11	1,541.27	3,480.73	3,781.39	3,733.18	1,212.96
	c) Interest (Gross)	12	1.54	2.86	11.12	51.28	44.31
	d) Grant-in-aid for maintenance of Highways		-	-	-	-	-
	e) Net Increase/Decrease in work-in-progress (+)/(-)	13	-	-	-	-	-
	TOTAL		**1,542.81**	**3,483.60**	**3,792.51**	**3,784.46**	**1,257.27**
II.	**EXPENDITURE**						
	a) Construction Stores/Material consumed Other stores, spares & tools etc. consumed		-	-	-	-	-
	Work Expenses:	14					
	a) Personnel & Administrative Expenses	15	16,849.76	15,603.68	14,385.97	11,096.14	10,140.00
	b) Finance Charges	16	10.98	11.59	11.00	16.61	10.76
	c) Depreciation		379.16	463.63	553.84	327.47	375.50
	d) Assets of Small Value Charged Off		14.71	19.15	32.72	30.78	12.00
	TOTAL		**17,254.61**	**16,098.04**	**14,983.53**	**11,471.00**	**10,538.26**

	Profit (+)/Loss (-) for the year		(15,711.80)	(12,614.44)	(11,191.02)	(7,686.54)	(9,280.99)
	Add: Prior Period Items net(+/-)	**17**	(606.47)	(833.08)	(536.64)	(643.46)	(1,039.84)
	Less: Net Establishment Expenses for the year transferred to CWIP (Sch-5)		**16,318.27**	**13,447.53**	**11,727.66**	**8,330.00**	**10,320.83**
	Less/Add: Provision for Taxation						
	Net Profit		**-**	**-**	**-**	**-**	**-**
	Less: Transfer to Capital Reserve		-	-	-	-	-
	Less: Transfer to other specific Reserve/Fund		-	-	-	-	-
	Less/Add: Transfer to/Transfer from General Reserve (+/-)		-	-	-	-	-
	Less/Add: Surplus brought forward from previous year		41,198.84	41,198.84	41,198.84	41,198.84	41,198.84
	Surplus carried to Balance Sheet		**41,198.84**	**41,198.84**	**41,198.84**	**41,198.84**	**41,198.84**

ANNEXURE – III

REFORMATTED STATEMENT OF CASH FLOW STATEMENT

(Rs. In Lacs)

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2013	2012	2011	2010	2009
	(1)	(3)	(4)	(5)	(6)	(7)
A.	**Cash flow from operating activities:**					
	Net profit before tax	(15,711.80)	(12,614.44)	**(11,191.02)**	**(7,686.54)**	**(9,280.99)**
	Adjustments for:	-	-			
	Depreciation	379.16	463.63	553.84	327.47	375.50
	Profit/(Loss)on sale of assets	(1.43)	(0.57)	(1.38)	0.67	0.61
	Interest income	(1.54)	(2.86)	(11.12)	(51.28)	(44.31)
	Operating profit before working capital changes	**(15,335.61)**	**(12,154.25)**	**(10,649.68)**	**(7,409.68)**	**(8,949.19)**
	Adjustments for:	-	-			
	(Increase)/Decrease in Deposits, Loans & Advances	(412,731.83)	(111,351.09)	(5,770.31)	2,143.54	41,858.88
	Increase in liabilities	(183,008.63)	254,953.38	136,285.69	284,818.76	121,437.92
	Increase in Provision for gratuity and Leave encashment	385.41	340.40	218.47	171.64	252.54
	Cash flow before extraordinary item & prior period items	**(610,690.66)**	**131,788.45**	**120,084.17**	**279,724.26**	**154,600.14**
	Prior period items	(606.47)	(833.08)	(536.64)	(643.46)	(1,039.84)
	Net cash generated from operating activities	**(611,297.13)**	**130,955.37**	**119,547.53**	**279,080.80**	**153,560.30**

B.	**Cash flow from investing activities:**					
	Purchase of fixed assets	(444.39)	(408.04)	(935.62)	(266.52)	(244.93)
	Realization from sale of assets	11.39	6.09	4.14	1.00	0.74
	Increase in Capital Work in progress	(1,388,970.03)	(1,298,490.97)	(1,331,851.22)	(1,143,843.78)	(1,112,651.61)
	Increase in investment	(6,583.00)	(5,671.00)	(2,700.00)	(13,010.88)	(4,576.00)
	Interest Income	97,482.15	28,409.23	14,982.54	23,357.09	51,794.49
	Interest expense	(11,649.05)	(13,444.12)	(14,811.14)	(14,822.23)	(17,164.75)
	Capital Reserve (Receipts)	7,631.85	5,174.94	6,425.22	2,573.22	7,840.63
	Interest and other expenditure on bond issue	(123,582.22)	(50,082.25)	(23,817.08)	(17,131.94)	(21,495.47)
	Net cash used in investing activities	**(1,426,103.30)**	**(1,334,506.11)**	**(1,352,703.16)**	**(1,163,144.04)**	**(1,096,496.90)**
C.	**Cash flow from financing activities:**					
	Cess funds received from Govt of India	600,300.00	618,700.00	844,094.00	740,470.00	697,247.00
	Capital additional budgetary receipts	202,897.00	121,221.00	84,300.00	20,000.00	15,900.00
	Grant Funds received from EAP (net)		(129.98)	31,965.50	26,967.21	151,316.49
	Adjusted Plough back of Toll Remittance, etc	164,024.57	219,107.24	146,303.28	-	-
	Loan received from government of India		-	8,000.00	6,800.00	37,900.00
	Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618,355.88				

	Loan/Overdraft received from Bank		-	22,522.44	32,900.92	29,500.00
	Repayment of loan from government of India	(51,685.00)	(13,665.00)	(12,865.00)	(12,185.00)	(56,395.00)
	Repayment of loan to Asian Development Bank	1,459.42	6,349.03	(2,391.56)	(9,963.72)	14,594.90
	Repayment of loan from Banks	-	(22,522.44)	(32,900.92)	(29,500.00)	-
	Proceeds from issue of Capital Gains Tax-Free Bonds	290,206.80	251,151.50	216,060.60	115,363.10	163,000.80
	Redemption of Capital Gains Tax-Free Bonds	(115,363.10)	(163,050.80)	(30,517.70)	(149,907.60)	(128,941.00)
	Proceeds from issue of Tax-Free Bonds 2011-12		1,000,000.00			
	Capital reserve (Negative Grant) for BOT projects			-	(135,332.59)	640.50
	Net cash used in financing activities	**1,710,195.57**	**2,017,160.54**	**1,274,570.64**	**605,612.32**	**924,763.69**
	Net increase/(decrease) in cash and cash equivalents	**(327,204.85)**	**813,609.80**	**41,415.01**	**(278,450.92)**	**(18,172.91)**
	Opening cash and cash equivalents	1,100,210.97	286,601.18	245,186.17	523,637.09	541,810.00
	Closing cash and cash equivalents	**773,006.11**	**1,100,210.97**	**286,601.18**	**245,186.17**	**523,637.09**
	Notes:					
	Cash and cash equivalents include:	-	-			
	Cash and cheques in hand / in transit	5.57	2.94	514.73	1,146.92	3,220.22
	Balance with banks: -In Current Account	179,641.48	107,376.46	209,690.61	99,656.52	202,328.22
	- In FD account					

		593,359.06	992,831.56	76,395.84	144,382.73	318,088.65
	Balance as per books of account	**773,006.11**	**1,100,210.97**	**286,601.18**	**245,186.17**	**523,637.09**

ANNEXURE- IV

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

PARTICULARS	**AS AT MARCH 31**									
	2013		**2012**		**2011**		**2010**		**2009**	
SCHEDULE - 1	-	-	-	-	-					
i) Capital u/s 12(i)(b) - Commencing Capital										
ii) Capital u/s 17										
a) Capital Base		80,100.00		80,100.00		80,100.00		80,100.00		80,100.00
b) Cess Fund	5,599,636.00		4,980,936.00		4,136,842.00		3,396,372.00		2,699,125.00	
Add : Received during the Year	**600,300.00**		**618,700.00**		844,094.00		740,470.00		697,247.00	
c) Additional Budgetary Support (NHDP)	259,701.00		259,701.00		227,700.00		143,400.00		123,400.00	
d) Additional Budgetary Support (Others)	376,584.00		173,687.00		84,467.00		84,467.00		84,467.00	
e) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618,355.88									
f) Additional Budgetary Support (Plough back of Toll Remittance, etc.)	609,289.00		431,589.00		162,300.00					
Less: 1) Expenditure on Toll Collection Activities (w.e.f. 01.04.2010)	(34,248.57)		(29,390.52)		(20,755.81)					
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (w.e.f. 01.04.2010).	(45,605.35)		(36,787.97)		4,759.09					
Sub - Total		7,984,011.97		6,398,434.52		5,439,406.28		4,364,709.00		3,604,239.00
Total (Schedule 1)		**8,064,111.97**		**6,478,534.52**		**5,519,506.28**		**4,444,809.00**		**3,684,339.00**
SCHEDULE - 2	-	-	-	-						
(Additions and deductions since last balance sheet to be										
shown under each of the specified heads)										
i) Capital Reserve	5,116,337.00		179,585.11		174,410.18		167,984.96		164,690.73	

Less: a) Capital Receipts transferred to CWIP (Sch-5)	5,116,337.00		43,531.51		38,356.58		31,931.36		29,358.13	
b) Negative Grants- Transferred to Schedule-8 upto 31.03.2010			136,053.60		136,053.60	-	136,053.60	-	135,332.60	135,332.60
ii) General Reserve					-		-		-	
iii) National Highways Authority of India fund u/s 18(i)					-		-		-	
iv) Credit balance of P & L A/C					-		-		-	
Opening Balance	41,198.84		41,198.84		41,198.84		41,198.84		41,198.84	
Add : Additions during the year					-		-		-	
		41,198.84		41,198.84		41,198.84		41,198.84		41,198.84
Total (Schedule 2)		**41,198.84**		**41,198.84**		**41,198.84**	**-**	**41,198.84**		**176,531.44**
SCHEDULE - 3	-	-	-	-						
Grants	-	-	-	-						
i) Capital Grant										
ia) For Externally Aided Projects	1,370,982.00		1,370,982.00		1,370,982.00		1,338,982.00		1,311,782.00	
Interest earned on un-utilized Grant	1,001.00		1,001.00		1,001.00		1,001.00		1,001.00	
Less : Assets created out of Grants	612.58		612.58		612.58		612.58		611.89	
Less : Revenue Expenditure out of Grant	3,880.60	1,367,489.82	3,880.60	1,367,489.82	3,750.62	1,367,619.80	3,716.12	1,335,654.30	3,484.03	1,308,687.08
ib) For Office Building at Dwarka	150.00		150.00		150.00		150.00		150.00	
Less: Transferred to Building Account (Sch.- 5)	150.00		150.00		150.00		150.00		150.00	
ic) For servicing of Bonds issue	1,000.00		1,000.00		1,000.00		1,000.00		1,000.00	
Interest earned on un-utilized Grant	496.68		496.68		496.68		496.68		496.68	
Less : Expenditure incurred					-		-		-	
Bond Issue Expenses	6,698.96		6,761.71		6,313.63		5,948.78		5,543.68	
Interest on Bond	331,459.67		290,802.61		259,282.09		235,829.86		219,103.01	
Others			3.00		3.00					

	3.00						3.00		3.00	
Deficit transferred to Capital work in progress per contra (Sch.-5)	(336,664.96)		(296,070.64)		(264,102.04)		(240,284.96)		(223,153.01)	
Total (Schedule 3)		**1,367,489.82**		**1,367,489.82**		**1,367,619.80**		**1,335,654.30**		**1,308,687.08**
SCHEDULE - 4	-	-	-	-						
Secured Loans	-	-	-	-						
Capital Gains Tax free Bonds (Secured against a Flat in Ahemdabad)		757,368.90		582,525.20		494,424.50		308,881.60		343,426.10
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr) 11-12		671,408.12		671,593.26						
Tax Free Secured Redeemable Non-Convertible Bonds (15Yr) 11-12		328,591.88		328,406.74						
Loan from Banks (Secured against FDR)						116.25		32,900.92		29,500.00
Unsecured Loans	-	-	-	-						
i) Loans from Govt. of India		33,900.00		85,585.00		99,250.00		104,115.00		109,500.00
ia) Interest Accrued but not due on GOI Loans		1,681.79		3,753.65		4,308.62		4,462.63		4,673.67
ii) Loans from Banks						-		-		-
iii) Loan from ADB		67,372.23		65,912.81		59,563.78		61,955.34		71,919.06
iv) Over Draft from Banks						22,406.19		-		-
Total (Schedule 4)		**1,860,322.92**		**1,737,776.66**		**680,069.34**		**512,315.49**		**559,018.83**

ANNEXURE - IV (e)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2013

Amount in Rs Lakhs

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Depreciation	As at 1.4.2012	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total cost as at 31.3.2013	As At 01.04.2012	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total Depreciation upto 31.3.2013	As at 31.03.2012	As at 31.03.2013	
LAND FREEHOLD	NIL	73.63	-	-	-	73.63	-	-	-	-	-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	342.24	-	84.13		426.37	-	-	-	-	-	342.24	426.37	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	982.64	65.61	-	-	1,048.26	1,312.26	1,246.65	262.83
STAFF QUARTERS	5%	-	-	-	-	-	-	-	-	-	-	-	-	103.91
ROADS & BRIDGES	5%	-	-	-	-	-	-	-	-	-	-	-	-	-
COMPUTERS & EDP	60%	2,738.95	130.52	56.86	123.27	2,803.05	2,627.00	126.21	45.15	105.62	2,692.74	111.95	110.31	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.54	-	-	-	0.54	0.50	0.05	-	-	0.54	0.05	-	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,452.64	138.58	15.32	17.48	1,589.06	590.65	111.70	6.33	7.48	701.20	861.99	887.86	69.21
MOTOR VEHICLES	20%	24.04	-	-	17.32	6.71	19.36	0.93	-	15.35	4.95	4.67	1.76	-
AIR CONDITIONERS / HEATERS	25%	478.32	8.27	1.33	1.33	486.59	426.76	15.37	0.96	0.96	442.13	51.55	44.45	16.63
OFFICE EQUIPMENT	25%	815.48	83.33	3.44	13.06	889.19	651.49	59.29	2.75	10.92	702.61	163.99	186.58	50.47
SUB TOTAL: I		**8,220.76**	**360.69**	**161.08**	**172.48**	**8,570.05**	**5,298.41**	**379.16**	**55.19**	**140.33**	**5,592.43**	**2,922.35**	**2,977.62**	**612.58**
CAPITAL WORK IN PROGRESS		9,198,538.34	1,388,970.03			10,587,508.37						9,198,538.34	10,587,508.37	
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		296,070.64	40,594.32			336,664.96						296,070.64	336,664.96	

Add: Tax Free Bond Exps-Recurring		144.47	163.85			308.32						144.47	308.32	
Add: Tax Free Bond Issue Expenses		(6,737.62)	608.22			(6,129.40)						(6,737.62)	(6,129.40)	
Add: Interest on Tax Free Bonds		24,706.80	82,215.82			106,922.63						24,706.80	106,922.63	
Add: Interest on G.O.I. Loan		142,122.78	9,577.19			151,699.97						142,122.78	151,699.97	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		43,826.01	16,318.27	-	-	60,144.28						43,826.01	60,144.28	
Less: CAPITAL RESERVE		(43,531.51)	(7,631.85)			(51,163.37)						(43,531.51)	(51,163.37)	
Less: Interest. on Unutilized Capital		(410,744.02)	(131,187.90)			(541,931.92)						(410,744.02)	(541,931.92)	
SUB TOTAL: II		**9,244,395.89**	**1,399,627.96**	**-**	**-**	**10,644,023.84**						**9,244,395.89**	**10,644,023.84**	
Less :- Expenditure on Completed Projects awaiting Capitalization/ Transfer		**4,981,350**				**6,928,044**						**4,981,350**	**6,928,044**	
Balance Capital Work in Progress		**4,263,046**				**3,715,980**						**4,263,046**	**3,715,980**	
GRAND TOTAL (I) + (II)		**9,252,617**	**1,399,989**	**161**	**172**	**10,652,594**	**5,298**	**379**	**55**	**140**	**5,592**	**9,247,318**	**10,647,001**	**613**
PREVIOUS YEAR:		**7,924,248**	**1,328,416**	**58**	**106**	**9,252,617**	**4,871**	**464**	**14**	**50**	**5,298**	**7,919,378**	**9,247,318**	**613**

Note :- Capital work in progress as at 31.03.2013 includes 'Grant paid under BOT Toll Projects' amounting to Rs. 6861.54 crore out of which an amount of Rs. 2897.49 crore represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on completed projects awaiting Capitalization/Transfer'.

ANNEXURE - IV (d)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2012

Amount in Rs. Lakhs

SCHEDULE 5	Rate of Depreciation	GROSS BLOCK					Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset		As at 1.4.2011	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total cost as at 31.3.2012	As At 01.04.2011	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total Depreciation upto 31.3.2012	As at 31.03.2011	As at 31.03.2012	
LAND FREEHOD	NIL	109.65	-	-	36.02	73.63	-	-	-	-	-	109.65	73.63	1.23
LAND LEASEHOLD	NIL	311.44	-	36.02	5.22	342.24	-	-	-	-	-	311.44	342.24	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	913.58	69.07			982.64	1,381.33	1,312.26	262.83
STAFF QUARTERS	5%	-	-	-	-	-	-	-	-	-	-	-	-	103.91
ROADS & BRIDGES	5%	-	-	-	-	-	-	-	-	-	-	-	-	-
COMPUTERS & EDP	60%	2,643.50	132.44	18.58	55.56	2,738.95	2,459.94	197.33	12.90	43.17	2,627.00	183.56	111.95	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.54	-	-	-	0.54	0.48	0.02	-	-	0.50	0.06	0.05	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,221.95	230.19	3.18	2.67	1,452.64	475.30	116.72	0.74	2.11	590.65	746.64	861.99	69.21
MOTOR VEHICLES	20%	24.04	-	-	-	24.04	18.20	1.17	-	-	19.36	5.84	4.67	-
AIR CONDITIONERS / HEATERS	25%	469.25	9.06	-	-	478.32	408.25	18.51	0.00	-	426.76	61.01	51.55	16.63
OFFICE EQUIPMENT	25%	778.79	42.65	0.57	6.53	815.48	594.88	60.82	0.45	4.66	651.49	183.92	163.99	50.47
SUB TOTAL: I		**7,854.08**	**414.34**	**58.34**	**106.00**	**8,220.76**	**4,870.62**	**463.63**	**14.10**	**49.93**	**5,298.41**	**2,983.46**	**2,922.35**	**612.58**
CAPITAL WORK IN PROGRESS		7,900,047.37	1,298,490.97			9,198,538.34						7,900,047.37	9,198,538.34	
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		264,102.04	31,968.60			296,070.64						264,102.04	296,070.64	
Add: Tax Free Bond Expenses		-	144.47			144.47						-	144.47	
Add: Tax Free Bond Issue Expenses		-	(6,737.62)			(6,737.62)						-	(6,737.62)	
Add: Interest on Tax Free Bonds		-	24,706.80			24,706.80						-	24,706.80	

Add: Interest on G.O.I. Loan		129,233.63	12,889.15			142,122.78						129,233.63	142,122.78	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		30,378.48	13,447.53	-	-	43,826.01						30,378.48	43,826.01	
Less: CAPITAL RESERVE		(38,356.58)	(5,174.94)			(43,531.51)						(38,356.58)	(43,531.51)	
Less: Interest. on Unutilized Capital		(369,010.60)	(41,733.42)			(410,744.02)						(369,010.60)	(410,744.02)	
SUB TOTAL: II		**7,916,394.35**	**1,328,001.54**	**-**	**-**	**9,244,395.89**						**7,916,394.35**	**9,244,395.89**	
Less :- Expenditure on Completed Projects awaiting Capitalization/ Transfer		**4,131,643.65**				**4,981,350.38**						**4,131,643.65**	**4,981,350.38**	
Balance Capital Work in Progress		**3,784,750.70**				**4,263,045.51**						**3,784,750.70**	**4,263,045.51**	
GRAND TOTAL (I) + (II)		**7,924,248.43**	**1,328,415.87**	**58.34**	**106.00**	**9,252,616.65**	**4,870.62**	**463.63**	**14.10**	**49.93**	**5,298.41**	**7,919,377.81**	**9,247,318.24**	**612.58**
PREVIOUS YEAR:		**6,561,494.21**	**1,362,788.01**	**122.89**	**156.68**	**7,924,248.43**	**4,348.77**	**553.84**	**66.79**	**98.78**	**4,870.62**	**6,557,145.44**	**7,919,377.81**	**612.58**

Note :- Capital work in progress as at 31.03.2012 includes 'Grant paid under BOT Toll Projects' amounting to Rs. 4336.93 crore out of which an amount of Rs. 2147.67 crore represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on completed projects awaiting Capitalization/Transfer'.

ANNEXURE - IV (c)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2011

Amount in Rs. Lakhs

SCHDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	**Rate**	**As at 1.4.2010**	**Addition**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total cost as at 31.3.2011**	**As At 01.04.2010**	**For the year**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total Depreciation upto 31.3.2011**	**As at 31.03.2010**	**As at 31.03.2011**	**-**
Roads & Bridges	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	5%	2,294.91	0.00	0.00	0.00	2,294.91	840.87	72.70	0.00	0.00	913.57	1,454.03	1,381.34	262.83
Land		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Freehold	NIL	109.65	0.00	0.00	0.00	109.65	0.00	0.00	0.00	0.00	0.00	109.65	109.65	1.23
ii) Leasehold	NIL	311.44	0.00	0.00	0.00	311.44	0.00	0.00	0.00	0.00	0.00	311.44	311.44	32.43
Plant & Machinery		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture, Fittings & Electrical Installation	10%	832.34	392.26	11.82	14.46	1,221.96	377.01	99.20	1.91	2.81	475.31	455.33	746.65	69.21
Motor Vehicles	20%	41.24	0.00	0.00	17.20	24.04	32.96	1.66	0.00	16.42	18.20	8.28	5.84	0.00
Air Conditioners / Heaters	25%	440.82	27.13	2.90	1.60	469.25	387.22	21.10	0.71	0.79	408.24	53.60	61.01	16.63
Office Equipment	25%	712.08	129.39	8.27	70.95	778.79	569.70	66.41	3.34	44.57	594.88	142.38	183.91	50.47
Laboratory & Survey Equipment		0.54	0.00	0.00	0.00	0.54	0.46	0.02	0.00	0.00	0.48	0.09	0.06	0.26
Computers	60%	2,210.19	385.88	99.90	52.47	2,643.50	2,140.55	292.75	60.82	34.19	2,459.93	69.65	183.57	75.61
Staff Quarters	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103.91
SUB TOTAL: I		**6,953.21**	**934.66**	**122.89**	**156.68**	**7,854.08**	**4,348.77**	**553.84**	**66.78**	**98.78**	**4,870.61**	**2,604.45**	**2,983.47**	**612.58**
Capital Work In Progress		6,568,196.14	1,331,851.22	0.00	0.00	7,900,047.36						6,568,196.14	7,900,047.36	
Add: Interest/ Others Expenditure On Bond Issue (Deficit Transfer To CWIP As Per Contra Sch-3)		240,284.96	23,817.08	0.00	0.00	264,102.04						240,284.96	264,102.04	
Add: Interest On GOI Loan		114,576.51	14,657.13	0.00	0.00	129,233.64						114,576.51	129,233.64	
Add: Net Establishment Expenses. Transferred To CWIP (From P&L A/C)		18,650.83	11,727.66	0.00	0.00	30,378.49						18,650.83	30,378.49	
Less: Capital Reserve		(31,931.36)	(6,425.22)	0.00	0.00	(38,356.58)						(31,931.36)	(38,356.58)	
Less: Interest. On Unutilized Capital		(355,236.08)	(13,774.52)	0.00	0.00	(369,010.60)						(355,236.08)	(369,010.60)	
SUB TOTAL: II		**6,554,541.00**	**1,361,853.35**		**0.00**	**7,916,394.34**					**0.00**	**6,554,541.00**	**7,916,394.34**	
Less :- Expenditure on		3,152,033.33				4,131,643.65						3,152,033.33	4,131,643.65	

Completed Projects awaiting Capitalization/ Transfer														
Balance Capital Work in Progress		**3,402,507.67**				**3,784,750.69**						**3,402,507.67**	**3,784,750.69**	
GRAND TOTAL		**6,561,494.21**	**1,362,788.01**		**156.68**	**7,924,248.42**	**4,348.77**	**553.84**		**98.78**	**4,870.61**	**6,557,145.45**	**7,919,377.81**	**612.58**
PREVIOUS YEAR:		**5,399,916.60**	**1,153,255.13**	**0.00**	**17.26**	**6,561,494.21**	**4,026.95**	**327.47**	**0.00**	**11.71**	**4,348.77**	**5,395,889.64**	**6,557,145.44**	**612.58**

Note :- Capital work in progress as at 31.03.2011 includes 'Grant paid under BOT Toll Projects' amounting to Rs.250898 lacs out of which an amount of Rs.143557 lacs represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on Completed Projects awaiting Capitalization/ Transfer'.

ANNEXURE - IV (b)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2010

Amount in Rs. Lakhs

SCHEDULE		GROSS BLOCK					Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	**Rate**	**As at 1.4.2009**	**Addition**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total cost as at 31.3.2010**	**As At 01.04.2009**	**For the year**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total Depreciation upto 31.3.2010**	**As at 31.03.2009**	**As at 31.03.2010**	
Roads & Bridges	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	5%	2,294.91	0.00	0.00	0.00	2,294.91	764.35	76.53	0.00	0.00	840.88	1,530.56	1,454.03	262.83
Land		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Freehold	NIL	109.65	0.00	0.00	0.00	109.65	0.00	0.00	0.00	0.00	0.00	109.65	109.65	1.23
ii) Leasehold	NIL	311.44	0.00	0.00	0.00	311.44	0.00	0.00	0.00	0.00	0.00	311.44	311.44	32.43
Plant & Machinery		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture, Fittings & Electrical Installation	10%	709.05	123.56	4.96	5.23	832.34	318.13	59.25	1.88	2.25	377.01	390.92	455.33	69.21
Motor Vehicles	20%	41.23	0.00	0.00	0.00	41.24	30.84	2.12	0.00	0.00	32.96	10.40	8.28	0.00
Air Conditioners / Heaters	25%	429.07	11.75	0.00	0.00	440.82	368.81	18.40	0.00	0.00	387.21	60.25	53.61	16.63
Office Equipment	25%	663.89	52.68	1.75	6.30	712.08	516.45	56.10	1.25	4.10	569.70	147.50	142.38	50.47
Laboratory & Survey Equipment		0.54	0.00	0.00	0.00	0.54	0.43	0.03	0.00	0.00	0.46	0.11	0.08	0.26
Computers	60%	2,134.24	78.72	3.03	5.73	2,210.19	2,027.95	115.03	2.94	5.36	2,140.56	106.22	69.63	75.61
Staff Quarters	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103.91
SUB TOTAL: I		**6,694.02**	**266.71**	**9.74**	**17.26**	**6,953.21**	**4,026.96**	**327.46**	**6.07**	**11.71**	**4,348.78**	**2,667.06**	**2,604.43**	**612.58**
Capital Work In Progress		5,424,352.36	1,143,843.78	0.00	0.00	6,568,196.14						5,424,352.36	6,568,196.14	
Add: Interest/ Others Expenditure On Bond Issue (Deficit Transfer To CWIP As Per Contra Sch-3)		223,153.01	17,131.95	0.00	0.00	240,284.96						223,153.02	240,284.96	
Add: Interest On GOI Loan		99,965.32	14,611.19	0.00	0.00	114,576.51						99,965.32	114,576.51	
Add: Net Establishment Expenses. Transferred To CWIP (From P&L A/C)		10,320.83	8,330.00	0.00	0.00	18,650.83						10,320.83	18,650.83	
Less: Capital Reserve		(29,358.14)	(2,573.22)	0.00	0.00	(31,931.36)						(29,358.13)	(31,931.36)	
Less: Interest. On Unutilized Capital		(335,210.81)	(20,025.27)	0.00	0.00	(355,236.08)						(335,210.81)	(355,236.08)	
SUB TOTAL: II		**5,393,222.57**	**1,161,318.41**		**0.00**	**6,554,541.00**						**5,393,222.59**	**6,554,541.00**	

Less :- Expenditure on Completed Projects awaiting Capitalization/ Transfer						3,152,033.33							3,152,033.33	
Balance Capital Work in Progress						**3,402,507.67**							**3,402,507.67**	
GRAND TOTAL		**5,399,916.59**	**1,161,585.12**		**17.26**	**6,561,494.21**	**4,026.96**	**327.46**		**11.71**	**4,348.78**	**5,395,889.64**	**6,557,145.43**	**612.58**
PREVIOUS YEAR:		**4,299,816.05**	**1,089,789.45**	**0.00**	**20.46**	**5,399,916.60**	**3,654.15**	**375.50**	**0.00**	**8.53**	**4,026.95**	**4,296,161.89**	**5,395,889.64**	**611.89**

Note :- Capital work in progress as at 31.03.2010 includes 'Grant paid under BOT Toll Projects' amounting to Rs.197929 lacs out of which an amount of Rs.83929 lacs represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on Completed Projects awaiting Capitalization/ Transfer'.

ANNEXURE - IV (a)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2009

Amount in Rs. Lakhs

SCHEDULE	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	**Rate**	**As at 1.4.2008**	**Addition**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total cost as at 31.3.2009**	**As At 01.04.2008**	**For the year**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted(-)**	**Total Depreciation upto 31.3.2009**	**As at 31.03.2008**	**As at 31.03.2009**	
Roads & Bridges	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	5%	2,294.91	0.00	0.00	0.00	2,294.91	683.79	80.56	0.00	0.00	764.35	1,611.12	1,530.56	262.83
Land		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Freehold	NIL	109.65	0.00	0.00	0.00	109.65	0.00	0.00	0.00	0.00	0.00	109.65	109.65	1.23
ii) Leasehold	NIL	311.44	0.00	0.00	0.00	311.44	0.00	0.00	0.00	0.00	0.00	311.44	311.44	32.43
Plant & Machinery		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture, Fittings & Electrical Installation	10%	616.44	102.68	3.01	13.08	709.05	267.06	53.89	0.29	3.11	318.13	349.38	390.92	68.51
Motor Vehicles	20%	41.23	0.00	0.00	0.00	41.23	28.24	2.60	0.00	0.00	30.84	13.00	10.39	0.00
Air Conditioners / Heaters	25%	425.69	4.37	0.35	1.34	429.07	349.15	20.55	0.21	1.10	368.81	76.53	60.26	16.63
Office Equipment	25%	610.69	55.01	0.00	1.81	663.89	463.39	53.89	0.00	0.84	516.44	147.36	147.45	50.47
Laboratory & Survey Equipment		0.54	0.00	0.00	0.00	0.54	0.39	0.04	0.00	0.00	0.43	0.15	0.11	0.26
Computers	60%	2,042.55	88.55	7.37	4.23	2,134.24	1,862.12	163.97	5.34	3.48	2,027.95	180.35	106.29	75.61
Staff Quarters	5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103.91
SUB TOTAL: I		**6,453.14**	**250.61**	**10.73**	**20.46**	**6,694.02**	**3,654.14**	**375.50**	**5.84**	**8.53**	**4,026.95**	**2,798.98**	**2,667.07**	**611.88**
Capital Work In Progress		4,311,700.75	1,112,651.61	0.00	0.00	5,424,352.36						4,311,700.75	5,424,352.36	
Add: Interest/ Others Expenditure On Bond Issue (Deficit Transfer To CWIP As Per Contra Sch-3)		201,657.55	21,495.46	0.00	0.00	223,153.01						201,657.55	223,153.01	
Add: Interest On GOI Loan		84,286.80	15,678.52	0.00	0.00	99,965.32						84,286.80	99,965.32	
Add: Balance In P&L A/C - CY, Transferred To CWIP		0.00	10,320.83	0.00	0.00	10,320.83							10,320.83	
Less: Capital Reserve		(21,517.51)	(7,840.63)	0.00	0.00	(29,358.14)						(21,517.51)	(29,358.14)	
Less: Interest. On Unutilized Capital		(282,764.68)	(52,446.13)	0.00	0.00	(335,210.81)						(282,764.68)	(335,210.81)	
SUB TOTAL: II		**4,293,362.91**	**1,099,859.66**		**0.00**	**5,393,222.56**						**4,303,683.74**	**5,393,222.56**	
Less :- Expenditure on Completed Projects						2,515,778.88							2,515,778.88	

awaiting Capitalization/ Transfer														
Balance Capital Work in Progress						**2,877,443.68**							**2,877,443.68**	
GRAND TOTAL		**4,299,816.05**	**1,100,110.27**		**20.46**	**5,399,916.58**	**3,654.14**	**375.50**		**8.53**	**4,026.95**	**4,306,482.72**	**5,395,889.63**	**611.89**
PREVIOUS YEAR:		**3,283,545.68**	**1,016,281.01**	**0.00**	**13.42**	**4,299,816.05**	**3,168.14**	**492.65**	**0.00**	**7.59**	**3,654.15**	**3,280,377.54**	**4,296,161.89**	**611.89**

Note :- Capital work in progress as at 31.03.2009 includes 'Grant paid under BOT Toll Projects' amounting to Rs.153065 lacs out of which an amount of Rs.76184 lacs representing Grants paid in respect of completed projects has been shown as part of 'Expenditure on Completed Projects awaiting Capitalization/ Transfer'.

ANNEXURE- IV

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

Particulars	**AS AT MARCH 31**				
	2013	**2012**	**2011**	**2010**	**2009**
SCHEDULE - 6					
Investment (At cost)					
i) Government Securities	-	-	-	-	-
ii) Other than Govt. Securities(Nature to be specified)	-	-	-	-	-
ia) 25500000 Equity Shares of Rs.10 each fully paid-up in M/s Moradabad Toll Road Co. Ltd. In addition,	-	-	-	-	2,550.00
4500000 Equity Shares of Rs.10 each in M/s Moradabad Toll Road Co. Ltd. acquired from M/s UPSBCL in 2009-10 at a cost of Rs.6,85,88,305/-	3,235.88	3,235.88	3,235.88	3,235.88	-
iib) 6000000 Equity Shares of Rs.10 each fully paid-up in M/s Gujarat National Highways Ltd.	-	-	600.00	600.00	600.00
iic) Equity shares of Rs.10 each fully paid-up in each of the following subsidiary companies	-	-	-	-	-
a) Ahmedadabad-Vadodara Expressway Co. Ltd. (31,28,50,000 equity shares)	31,285.00	31,285.00	31,285.00	31,285.00	31,285.00
b) Mumbai-JNP Port Road Co. Ltd. (9,70,50,007 equity shares)	9,705.00	9,705.00	9,705.00	9,705.00	9,705.00
c) Mormugao Port Road Co. Ltd. (4,35,00,000 equity shares)	4,350.00	4,350.00	4,350.00	5.00	5.00
d) Visakhapatnam Port Road Co. Ltd. (1,87,00,007 equity shares)	1,870.00	1,870.00	1,870.00	1,505.00	1,505.00
e) Calcutta-Haldia Port Road Co. Ltd. (6,92,10,007 equity shares)	6,921.00	6,921.00	6,921.00	6,921.00	6,921.00

f) Chennai-Ennore Port Road Co. Ltd. (4,60,50,007 equity shares)	11,305.00	7,005.00	4,605.00	1,305.00	1,305.00
g) Cochin Port Road Co. Ltd. (4,48,00,000 equity shares)	4,480.00	4,480.00	4,480.00	2,005.00	2,005.00
h) Tuticorin Port Road Co. Ltd. (6,93,60,000 equity shares)	6,936.00	6,936.00	6,936.00	2,005.00	2,005.00
I) Paradeep Port Road Co. Ltd. (1,50,00,000 equity shares)	15,000.00	15,000.00	15,000.00	2,005.00	2,005.00
J) New Mangalore Port Road Co. Ltd. (5,89,50,000 equity shares)	5,895.00	5,895.00	5,895.00	2,005.00	2,005.00
iii) Application money (Pending Allotment) in respect of 1, 31,00,000 Share of Rs. 10 each in Cochin Port Road Co. Ltd.	1,310.00	1,310.00	1,310.00	3,746.00	2,475.00
iv) Application money (Pending Allotment) in respect of 12, 99, 50,000 Share of Rs. 10 each in Paradeep Port Road Co. Ltd.	-	-	-	12,995.00	12,995.00
v) Application money (Pending Allotment) in respect of 4, 93, 10,000 Share of Rs. 10 each in Tuticorin Port Road Co. Ltd.	2,934.00	-	-	4,931.00	4,931.00
vi) Application money (Pending Allotment) in respect of 26,10,000 Share of Rs. 10 each in Mumbai-JNP Port Road Co. Ltd	261.00	261.00	261.00	-	-
vii) Application money (Pending Allotment) in respect of 4,34,49,993 Share of Rs. 10 each in Mormugao Port Road Co. Ltd	-	-	-	4,345.00	2,395.00
viii) Application money (Pending Allotment) in respect of 2,40,00,000 Share of Rs. 10 each in Chennai-Ennore Port Road Co. Ltd.	2,675.00	4,440.00	2,400.00	3,300.00	3,300.00
ix) Application money (Pending Allotment) in respect of 8,73,90,000 Share of Rs. 10 each in Calcutta Haldia Port Road Co. Ltd.	8,739.00	8,739.00	8,739.00	8,739.00	-
x) Application money (Pending Allotment) in respect of 36,50,000 Share of Rs. 10 each in Vishakhapatnam Port	-	-	-	365.00	-

Road Co. Ltd.					
xi) Application money (Pending Allotment) in respect of 3,89,00,000 Share of Rs. 10 each in New Mangalore Port Connectivity Project	2,945.00	1,831.00	-	3,890.00	3,890.00
Total (Schedule 6)	**119,846.89**	**113,263.89**	**107,592.88**	**104,892.88**	**91,882.00**
SCHEDULE - 7					
Current Assets, Loans & Advances					
Inventories (As taken, valued & certified by the management)					
i) Tools	-	-	-	-	-
ii) Stores & Spares (at cost including in transit)	-	-	-	-	-
iii) construction Stores/Materials	-	-	-	-	-
iv) Work-in-progress (mode of valuation to be stated)	-	-	-	-	-
Sub Total (a)	**-**	**-**	**-**	**-**	**-**
Sundry Debtors					
Secured	-	-	-	-	-
(Specify separately more than six months and less than six months)					
Unsecured	-	-	-	-	-
Considered good (Specify separately more than six months)					
Sub Total (b)	**-**	**-**	**-**	**-**	**-**
Deposits, Loans & Advances					
i) Deposits	-	-	-	-	-

ii) Advances to Staff	102.14	111.40	94.70	108.20	89.32
iii) Advances to Contractors / Consultants	-	-	-	-	-
a) Mobilization Advance	20,383.69	30,846.85	28,216.08	52,884.38	73,649.42
b) Material Advance	6,413.92	8,386.11	11,388.42	19,515.54	26,679.83
iv) a) Advance against deposit works	53,101.48	66,470.44	82,589.26	74,928.69	71,265.95
b) Advance for maintenance of highways	16,638.78	16,251.28	17,379.91	18,130.81	14,881.05
v) Advances to Suppliers	188.73	384.82	423.16	156.09	132.82
vi) Claims recoverable	62,396.73	41,576.18	29,665.01	18,046.91	17,379.93
vii) Prepaid expenses	40.30	51.11	42.08	42.04	33.37
viii) Advance Others	18,375.50	10,803.68	11,660.49	8,673.67	7,460.52
ix) Security deposits & retention money	28,710.00	2,177.93	556.41	1,321.99	357.73
x) Advance rent	24.35	36.88	25.90	30.52	17.91
xi) Recoverable from Subsidiary Companies	-	-	-	829.13	1,780.59
xii) Loan to Subsidiary Companies	138,053.88	131,578.36	109,347.91	95,706.41	84,784.26
xiii) Recoverable on account of Eastern Peripheral Expressway)	113,899.44	103,482.63	10,332.00	2,726.19	-
xiv)Un-disbursed balance with various CALA A/c	365,370.47	-	-	-	-
xv)Loan to contractor/consultant/others	12,553.15	8,994.82	7,371.44	11,209.05	7,186.09
xvi) Loan to concessionaire for BOT Durg Bypass	74.28	1,717.42	1,717.42	1,559.70	1,414.17
Sub Total (c)	**836,326.85**	**422,869.92**	**310,810.19**	**305,869.32**	**307,112.96**
Interest accrued but not due on deposits	**28,848.21**	**13,239.82**	**621.41**	**988.87**	**5,169.31**
Interest accrued but not due on CALA deposits	**17,373.81**				

Cash & Bank balances					
i) Cash & Cheques in hand including stamps.	3.07	2.94	3.60	4.70	4.76
ii) Balances with Scheduled Banks					
- On deposits accounts (incl. interest accrued & due)	593,359.06	992,831.56	76,395.84	144,382.74	318,088.65
- On current accounts	179,641.48	107,376.46	209,690.61	99,656.52	202,328.22
iii) Balances with Non scheduled banks					
- On deposits accounts (incl. interest accrued)	-	-	-	-	-
iv) Remittance in transit	2.50	-	511.13	1,142.21	3,215.46
Sub Total (d)	**773,006.11**	**1,100,210.97**	**286,601.18**	**245,186.17**	**523,637.09**

ANNEXURE- IV

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

PARTICULARS	AS AT MARCH 31									
	2013		2012		2011		2010		2009	
SCHEDULE - 8										
Current Liabilities										
i) Liabilities for sundry creditors		0		0		0		0		0
ii) Other liabilities		472,952.18		428,464.10		280,560.99		194,637.21		158,832.48
iii) Un-utilized Grant				3,645.66		3,645.66		3,543.66		3,645.66
iv) Deposits held on account of others (if applicable)		0		0		0		0		0
a) Employees		0		0		0		0		0
b) Sundry parties		44,349.67		18,556.51		15,531.19		6,944.05		7,104.37
c) Contractors		97,201.48		83,953.21		62,429.16		55,577.04		61,675.07
d) Un-disbursed balance with various CALA A/c		365,370.47		0		0		0		0
e) Eastern Peripheral Expressway		80,025.00		80,025.00		0		0		4,875.97
v) Payable to GOI (upto 31.03.2010)		0		0		0		0		0
va) On Toll Collections					843,321.55		843,321.55		647,513.32	
vb) Interest on Toll Collection					-		-		-	
vc) Others			843,321.55		-		-		-	
vd) less: recoverable-Toll Plaza			97,929.80		97,429.87		97,429.87		77,670.87	
ve) Grant for Maintenance of highways			100,528.30		100,528.30		86,539.48		91,734.00	
vf) less: Expenditure on Maintenance of Highways			362,706.71		362,706.71		348,615.90		302,700.52	
vg) Less: Others			911.05		1,410.98		1,410.98		668.40	
vh) Negative Grant -Transferred from Schedule-2			136,053.60		136,053.60		136,053.60		-	

Excess of expenditure on Maintenance of Highways over maintenance grant/ toll collection				618,355.88		618,355.89		618,457.88		358,207.53
vi) Payable to GOI w.e.f. 01.04.2010										
via) Toll Revenue, Shared Revenue, Negative Grant, etc.		23,090.84		34,531.45		30,271.90		-		-
vib) Other Receipts		873.44		84.35		1,723.86		-		-
vii) Payable to Subsidiary Companies		3,527.20		2,782.75		2,926.88		-		-
Total (Schedule 8)		**1,087,390.28**		**1,270,398.91**		**1,015,445.53**		**879,159.84**		**594,341.08**
SCHEDULE - 9										
Provisions										
i) Provisions for taxes						-		-		-
ii) Provisions for gratuity		930.83		709.37		540.26		434.72		314.24
iii) Provisions for Leave Salary		958.66		794.71		623.42		510.49		459.33
iv) Other provisions						-		-		-
Total (Schedule 9)		**1,889.49**		**1,504.08**		**1,163.68**		**945.21**		**773.57**
SCHEDULE - 10										
Misc. Expenditure to the extent not written off.						-		-		-
Total (Schedule 10)						-		-		-

ANNEXURE- V

SHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31				
	2013	2012	2011	2010	2009
SCHEDULE – 11					
Other Income	-	-	-	-	-
Sale of Tender Documents	1,411.69	3,212.36	3,734.48	3,627.14	1,028.96
Project Development Fee/Liquidated Damages	-	-	-	-	-
Encashment of Bank Guarantee	-	-	-	-	-
Agency charges	-	-	-	-	-
Fee for other services	65.98	68.74	43.11	101.24	152
Toll Charges	-	-	-	-	-
Gain in exchange	-	-	-	-	-
Profit on sale of assets	1.43	0.57	1.38	-	-
Misc. Receipts	62.16	199.07	2.42	4.8	32
Total (Schedule 11)	**1,541.27**	**3,480.73**	**3,781.39**	**3,733.18**	**1,212.96**
SCHEDULE - 12					
Interest (Gross)	-	-	-	-	-
From banks on deposits	-	-	-	-	-
From employees on advances	1.54	1.58	1.29	1.49	1.49
From others	-	1.28	9.83	49.79	42.82
Total (Schedule 12)	**1.54**	**2.86**	**11.12**	**51.28**	**44.31**

ANNEXURE- V

SCHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(RS. In Lacs)

SL.Nos.	PARTICULARS	FOR THE YEAR ENDED MARCH 31				
		2013	2012	2011	2010	2009
	SCHEDULE – 13					
	Net Increase/Decrease in Work-in-progress					
	Closing Stock	-	-	-	-	-
	Work-in-progress	-	-	-	-	-
	Less: Opening Stock	-	-	-	-	-
	Work-in-progress	-	-	-	-	-
	Net Increase/Decrease	-	-	-	-	-
	Total (Schedule 13)	-	-	-	-	-
	SCHEDULE - 14 - WORKS EXPENSES					
a.	**Work Expenses etc.**					
	Electricity Power & Fuel	-	-	-	-	-
	Survey Expenses	-	-	-	-	-
	Consultancy Expenses	-	-	-	-	-
	Payment to Contractor	-	-	-	-	-
	Escalation claims	-	-	-	-	-
	Sub Total (a)	-	-	-	-	-
b.	**Repair & Maintenance**					
	Roads & Bridges	-	-	-	-	-
	Less : Transfer from Grant A/C	-	-	-	-	-
	Buildings	-	-	-	-	-
	Plant, Machinery & Equipment	-	-	-	-	-
	Sub Total (b)	-	-	-	-	-
c.	**Others**					
	Insurance:-	-	-	-	-	-
	Technical studies & consultancy charges	-	-	-	-	-
	Research & Development expenses	-	-	-	-	-
	Others	-	-	-	-	-
	Sub Total (c)	-	-	-	-	-
	Total (Schedule 14)	-	-	-	-	-

ANNEXURE- V

SCHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(RS. In Lacs)

SL.Nos.	PARTICULARS	FOR THE YEAR ENDED MARCH 31				
		2013	**2012**	**2011**	**2010**	**2009**
	SCHEDULE – 15					
	Personnel & Other administrative expenses,					
	salaries wages & other staff benefit					
	Salaries Allowances Other than Chairman/Members	7,549.74	7,120.06	6,280.73	4,808.76	4,891.48
	Salaries Allowances Chairman/Members	56.99	62.29	79.89	73.55	55.28
	Salaries, Wages, allowances & bonus					
	Workmen staff welfare expenses	1,295.78	1,148.25	1,155.16	832.89	792.91
	(Details of salaries, allowances, bonus, welfare					
	expenses incurred on Members/Chairman)					
	Contribution to :					
	Provident Fund	316.28	277.71	251.40	229.57	182.48
	Pension & Leave Salary	649.73	703.41	607.68	454.17	403.75
	Gratuity	224.99	183.37	115.32	127.94	145.34
	Rent for office accommodation	729.76	626.37	462.00	243.14	198.30
	Rates and Taxes	15.71	17.65	18.27	12.97	17.87
	Repairs & maintenance	466.93	486.73	521.00	419.51	381.27
	Insurance	13.04	12.59	14.78	13.33	11.33
	Honoraria fee and other professional charges	269.17	258.83	191.70	327.25	144.16
	Agency & Commission charges		-	-	-	-
	Travelling expenses, Conveyance	2,070.02	2,120.21	2,187.54	1,660.88	1,380.78
	Printing & Stationery	246.79	239.47	263.08	192.97	187.60
	Postage & communications	418.39	406.11	382.34	301.96	328.65
	Advertisement & publicity	352.35	221.08	506.43	429.48	174.53
	Remuneration to Auditors-C&AG	211.36	183.15	116.86	108.97	110.92
	Misc. Expenses	1,962.75	1,536.39	1,231.80	858.79	733.35
	Total (Schedule 15)	**16,849.76**	**15,603.68**	**14,385.98**	**11,096.13**	**10,140.00**
	SCHEDULE - 16 FINANCE CHARGES					
i)	Interest					
	On over draft	-	-		-	-

				-		
	On Loans from banks	-	-	-	-	-
	On Tax deducted at Source	0.11	0.62	0.04	0.01	0.08
	On Tax	-	-	-	-	-
	On Bonds/Debentures	-	-	-	-	-
	On Loans from Govt. of India	-	-	-	-	-
ii)	Discounting Charges	-	-	-	-	-
iii)	Guarantee Commission/Bank charges	10.87	10.97	10.96	16.60	10.68
iv)	Bond Issue Expenses			-	-	-
	Total (Schedule 16)	**10.98**	**11.59**	**11.00**	**16.61**	**10.76**
	SCHEDULE – 17					
	Prior Period Adjustments					
	Prior period income (Debit)	3.20	(2.78)	**5.00**	**-**	**-**
	Prior period Expenses (Debit)	603.27	835.86	**531.64**	**-**	**-**
	Total (Schedule 17)	**606.47**	**833.08**	**(536.64)**	**(643.46)**	**(1,039.84)**

Schedule 18. Significant Accounting Policies

1. Basis of Accounting

The financial statements are generally prepared under the historical cost conventions and on accrual basis, unless indicated otherwise.

2. Capital

FY 2012 -2013

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

ii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for payment of capital grants (viability gap funding) to Concessionaire. Plough-back of toll remittances are utilized for meeting the expenditure on maintenance of highways (in excess of maintenance grant received from GoI), expenditure on toll collection activities, repayment of GoI/ADB (Direct) loan with interest and for development of highways (payment of annuities). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

iii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity

FY 2011-2012

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for (a) National Highways (Original) Works (NHDP and Other specific projects) and (b) plough-back of toll remittances, are accounted as capital.

ii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, payment of capital grants to Concessionaire, investment in and loan to SPVs of NHAI and for repayment of principal and interest against market borrowings. Additional Budgetary Support (Plough-back of toll remittances) is utilized for meeting the expenditure on- development of National Highways, operation and maintenance of highways (in excess of maintenance grant received from GoI), toll collection activities and repayment of loan etc. Funds received as additional budgetary support NH (O) are also utilized for NHDP, unless otherwise prescribed by the Government.

iii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity.

FY 2010-2011

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

ii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for payment of capital grants (viability gap funding) to Concessionaire. Plough-back of toll remittances are utilized for meeting the expenditure on maintenance of highways (in excess of maintenance grant received from GoI), expenditure on toll collection activities, repayment of GoI/ADB (Direct) loan with interest and for development of highways (payment of annuities). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

iii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity.

FY 2009-2010

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) as additional budgetary support, are accounted.

ii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for repayment of principal & payment of interest against market borrowings, for payment of capital grants (viability gap funding) and payment of annuities (in the case of BOT/Annuity Projects). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

iii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity.

FY 2008-2009

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) as additional budgetary support, are accounted

ii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for repayment of principal & payment of interest against market borrowings, for payment of capital grants (viability gap funding) and payment of annuities (in the case of BOT/Annuity Projects). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

iii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity.

3. Capital Grant

FY 2012 – 2013

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

From FY 2012-13

(i) Capital Grant received from GoI is treated as part of share holder’s fund/promoter’s capital and directly classified under capital.

(ii) Fixed asset created out of grant is treated as normal asset and is be subject to depreciation.

(iii) Interest, if any, earned on grant is capitalized.

(iv) Revenue expenditure out of grant is treated as normal revenue expenditure.

FY 2011 – 2012

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

FY 2010-2011

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.
ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.
iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

FY 2009-2010

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

FY 2008-2009

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

4. Secured and Unsecured Loans

FY 2012-2013

i. Funds raised against issuance of –

a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961
b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961 are accounted for under 'Secured Loans'. While (a) is secured against a flat at Ahmedabad (b) is secured against flat at Ahmedabad as at (a) above and all the superstructures constructed on it highway projects owned by NHAI.

ii. A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under 'Unsecured Loans'. The repayment of the loan along with payment of interest is met out of the plough-back of toll remittances.

iii. Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as 'Unsecured Loans'.

FY 2011-2012

i) Funds raised against issuance of –

(a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961

(b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961 are accounted for under ‘Secured Loans’. While (a) is secured against a flat at Ahmedabad (b) is secured against flat at Ahmedabad as at (a) above and all the superstructures constructed on it highway projects owned by NHAI.

ii) (A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under ‘Unsecured Loans’. The repayment of the loan along with payment of interest is met out of the plough-back of toll remittances.

iii) Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as ‘Unsecured Loans’.

FY 2010-2011

i. Funds raised against issuance of Capital Gains Tax Exemption Bonds under Section 54 EC Bonds of the Income Tax Act, 1961 are accounted for under ‘Secured Loans’. These are secured against a flat at Ahemdabad owned by NHAI.

ii. (A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under ‘Unsecured Loans’. The repayment of the loan along with payment of interest is met out of the plough-back of toll remittances.

iii. Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as ‘Unsecured Loans’.

FY 2009-2010

i) Funds raised against issuance of Capital Gains Tax Exemption Bonds under Section 54 EC Bonds of the Income Tax Act, 1961 are accounted for under ‘Secured Loans’. These are secured against a flat at Ahemdabad owned by NHAI.

ii) (A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under ‘Unsecured Loans’. The repayment of the loan along with payment of interest would be met out of the Toll Collection payable to GoI.

iii) Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as ‘Unsecured Loans’.

FY 2008-2009

i) Funds raised against issuance of Capital Gains Tax Exemption Bonds under Section 54 EC Bonds of the Income Tax Act, 1961 are accounted for under ‘Secured Loans’. These are secured against a flat at Ahemdabad owned by NHAI.

ii) (A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under ‘Unsecured Loans’. The repayment of the loan along with payment of interest would be met out of the Toll Collection payable to GoI.

iii) Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as ‘Unsecured Loans’.

5. Fixed Assets & Depreciation

FY 2012-2013

5.1 Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

5.2 Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

5.3 Depreciation on fixed assets is provided on the following principles.

i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant up to 2012-13.

ii. An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii.

(a) Full year depreciation at the rate shown below if the asset is available for/put to use for 180 days or more in the given financial year.

(b) Depreciation @ 50% of the rate shown above if an asset is available for/put to use for less than 180 days in a given financial year.

iv. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v. Stationery and other items of consumable nature are written-off in the year of purchase.

vi. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	5
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings &Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipments	25
Laboratory and Survey Equipments	25

FY 2011-2012

5.1 Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

5.2 Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

5.3 Depreciation on fixed assets is provided on the following principles.

i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant

ii. Any item of asset individually costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii. Full year depreciation is charged on an item of fixed asset irrespective of the period of acquisition/purchase /commission/ available for use/sale/write-off.

iv. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v. Stationery and other items of consumable nature are written-off in the year of purchase.

vi. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	5
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings &Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipments	25
Laboratory and Survey Equipments	25

FY 2010-2011

5.1 Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

5.2 Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

5.3 Depreciation on fixed assets is provided on the following principles.

i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant.

ii. An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs. 5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii. Full year depreciation is charged on an item of fixed asset irrespective of the period of acquisition/purchase /commission/ available for use/sale/write-off.

iv. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v. Stationery and other items of consumable nature are written-off in the year of purchase.

vi. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	5
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings &Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipments	25
Laboratory and Survey Equipments	25

<u>FY 2009-2010</u>

5.1 Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

5.2 Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

5.3 Depreciation on fixed assets is provided on the following principles.

i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant.

ii. An item of asset costing Rs. 5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs. 5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii. Full year depreciation is charged on an item of fixed asset irrespective of the period of acquisition/purchase /commission/ available for use/sale/write-off.

iv. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v. Stationery and other items of consumable nature are written-off in the year of purchase.

vi. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	5
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings &Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipments	25
Laboratory and Survey Equipments	25

FY 2008-2009

5.1 Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

5.2 Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

5.3 Depreciation on fixed assets is provided on the following principles.

i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant

ii. An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii. Full year depreciation is charged on an item of fixed asset irrespective of the period of acquisition/purchase /commission/ available for use/sale/write-off.

iv. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v. Stationery and other items of consumable nature are written-off in the year of purchase.

vi. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	5
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings &Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipments	25
Laboratory and Survey Equipments	25

6. Capital Work-in-Progress

FY 2012-2013

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

(a) All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

(b) Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

(c) In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as 'Expenditure on completed projects awaiting capitalization/transfer' and no depreciation is provided thereon.

(d) All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

(a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(b) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

FY 2011-2012

i. Authority is the implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

a) All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

b) Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

c) In respect of completed projects (i. e, where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as 'Expenditure on completed projects awaiting capitalization/transfer' and no depreciation is provided thereon.

d) All administrative expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

b) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

FY 2010-2011

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

a) All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as ‘Capital Work in Progress’.

b) Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

c) In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as ‘Expenditure on completed projects awaiting capitalization/transfer’ and no depreciation is provided thereon.

d) All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (c) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) basis. Under these projects, Grants (Viability Gap Funding) are paid by NHAI or NHAI is entitled to receive Grants (Negative Grant). Grants paid are reflected separately as ‘Grants paid under BOT (Toll) projects’ and booked as CWIP-others. Negative Grants received by NHAI are, however, remitted to Consolidated Fund of India (CFI) on quarterly basis.

FY 2009-2010

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

(a) All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as ‘Capital Work in Progress’.

(b) Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

(c) In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as ‘Expenditure on completed projects awaiting capitalization/transfer’ and no depreciation is provided thereon.

(d) All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (c) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) basis. Under these projects, Grants (Viability Gap Funding) are paid by NHAI or NHAI is entitled to receive Grants (Negative Grant). Grants paid are reflected separately as 'Grants paid under BOT (Toll) projects' and booked as CWIP-others. Negative Grant received by NHAI is, however, accounted for as Payable to Government of India.

FY 2008-2009

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

(a) All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

(b) Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

(c) In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as 'Expenditure on completed projects awaiting capitalization/transfer' and no depreciation is provided thereon.

(d) All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (c) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) basis. Under these projects, Grants (Viability Gap Funding) are paid by NHAI or NHAI is entitled to receive Grants (Negative Grant). Grants paid are reflected separately as 'Grants paid under BOT (Toll) projects' and booked as CWIP-others. Grants received by NHAI are, however, accounted for as 'Capital Reserve' (this is treated as additional inflow from the Government for implementation of the projects).

7. Expenditure on Maintenance of Highways and collection of toll

FY 2012-2013

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2011-2012

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2010-2011

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

8. Payments to Government Departments / Agencies

FY 2012-2013

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.

Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.

Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2011-2012

Payments made to various Central & State Government departments and other Government Agencies are regulated as under:-

Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized. Payment towards supervision/agency charges/ construction of ROBs is capitalized on acknowledgement of receipt of such amount by the concerned Department.

Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2010-2011

Payments made to various Central & State Government departments and other Government Agencies for various works like shifting of utilities, tree cutting and compensatory afforestation, shifting of water pipelines, construction of ROBs, etc., for various projects and maintenance of highways to the State Government departments are shown as 'Advance against deposit works' and 'Advance for maintenance of highways' respectively. Expenditure incurred against such advances based on the utilization statements furnished by respective agencies is shown as Capital Work in Progress and as expenditure on maintenance of highways respectively.

FY 2009-2010

Payments made to various Central & State Government departments and other Government Agencies for various works like shifting of utilities, tree cutting and compensatory afforestation, shifting of water pipelines, construction of ROBs, etc., for various projects and maintenance of highways to the State Government departments are shown as 'Advance against deposit works' and 'Advance for maintenance of highways' respectively. Expenditure incurred against such advances based on the utilization statements furnished by respective agencies is shown as Capital Work in Progress and as expenditure on maintenance of highways respectively.

FY 2008-2009

Payments made to various Central & State Government departments and other Government Agencies for various works like shifting of utilities, tree cutting and compensatory afforestation, shifting of water pipelines, construction of ROBs, etc., for various projects and maintenance of highways to the State Government departments are shown as 'Advance against deposit works' and 'Advance for maintenance of highways' respectively. Expenditure incurred against such advances based on the utilization statements furnished by respective agencies is shown as Capital Work in Progress and as expenditure on maintenance of highways respectively.

9. Toll Revenue, Shared Revenue and Negative Grant

FY 2012-2013

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

FY 2011-2012

From 01.04.2010 the amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on quarterly basis and from 1st Aug. 2011 on monthly basis.

FY 2010-2011

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India w.e.f. 01.04.2011 on quarterly basis.

FY 2009-2010

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, after charging expenses attributable to collection is shown as Payable to GoI. Excess of expenditure on maintenance of highways over specific grant, if any, received from GoI is adjusted against such amount payable to GOI. In case of deficit, the amount is shown as 'Excess of Expenditure on maintenance of highways over toll/grant' under Current Assets, Loans & Advances.

FY 2008-2009

Pending the decision of the Government of India [GoI], the amount of toll collected, interest earned thereon after charging expenses attributable to collection is shown as Payable to GoI. Excess of expenditure on maintenance of highways over specific grant, if any, received from GoI is adjusted against such amount payable to GOI. In case of deficit, the amount is shown as 'Excess of Expenditure on maintenance of highways over toll/grant' under Current Assets, Loans & Advances.

10. Revenue Recognition

FY 2012-2013

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.
(ii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.
(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2011-2012

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.
(ii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2010-2011

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(ii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2009-2010

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(ii) Supervision charges, if any, received under any contract including concession fee received under BOT contracts are treated as income of the Authority.

(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2008-2009

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(ii) Supervision charges, if any, received under any contract including concession fee received under BOT contracts are treated as income of the Authority.

(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

11. Agency Charges

FY 2012-2013

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2011-2012

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
b) 9% on the expenditure on maintenance of highways directly done by NHAI;
c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All administrative expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2010-2011

Agency charges are recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
b) 9% on the expenditure on maintenance of highways directly done by NHAI;
c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2009-2010

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2008-2009

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

12. **Retirement Benefits**

FY 2012-2013

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

FY 2011-2012

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for based on the accrued liability and is not funded separately.

FY 2010-2011

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for based on the accrued liability and is not funded separately.

FY 2009-2010

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for based on the accrued liability and is not funded separately.

FY 2008-2009

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for based on the accrued liability and is not funded separately.

13. **Foreign Exchange Transactions**

FY 2012-2013

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2011-2012

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2010-2011

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2009-2010

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2008-2009

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

14. Miscellaneous

FY 2012-2013

i) Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.
ii) Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.
iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.
iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.
v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2011-2012

i) Cheques issued but not presented within six (6) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii) Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.

iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2010-2011

i) Cheques issued but not presented within six (6) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii) Prepaid expenses and prior period expenses / income of Rs. 50000/- or less are charged to natural heads of accounts.

iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2009-2010

i) Cheques issued but not presented within six (6) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii) Prepaid expenses and prior period expenses / income of Rs. 50000/- or less are charged to natural heads of accounts.

iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2008-2009

i) Cheques issued but not presented within six (6) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii) Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.

iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

15. Land Acquisition

FY 2012-2013

"Land, for the purpose of National Highways, is acquired through Competent Authority (Land Acquisition). Compensation, as determined by Competent Authority, is paid to Land owner through a separate joint bank account and directly capitalized. From FY 2012-13 interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital. At the time of closing the books undisbursed balances lying in joint bank account are accounted for through a consolidated contra entry".

ANNEXURE-VI

Schedule 19 NOTES ON ACCOUNTS

NOTE 1

2012-2013

During the year, an amount of Rs. 6003.00 crore (previous year Rs. 6187.00 crore) has been received from the Government of India as Cess Funds. In addition Rs. 2028.97 crore for development of National Highways (Original) Works (previous year Rs. 1212.21 crore) and Rs. 1777.00 crore (previous year Rs. 2692.89 crore) as plough back of toll remittances have been received from Govt. of India. These have been credited to the Capital Account.

2011-2012

During the year, an amount of Rs. 6187.00 crore (previous year Rs. 8440.94 crore) has been received from the Government of India as Cess Funds. In addition Rs. 1212.21 crore (NHDP Rs. 320.01 crore Others Rs. 892.20 crore) for development of National Highways (Original) Works (previous year Rs. 843.00 crore) have been received from Govt. of India. These have been credited to the Capital Account.

2010-2011

During the year, an amount of Rs. 844094 Lacs (previous year Rs. 740470 Lacs) has been received from the Government of India as Cess Funds. In addition Rs. 84300 Lacs (previous year Rs. 20000 Lacs) for development of National Highways (Original Works) have been received from Govt. of India. These have been credited to the Capital Account.

2009-2010

During the year, an amount of Rs. 740470 Lacs (previous year Rs.697247 Lacs) has been received from the Government of India as Cess Funds. In addition Rs.20000 Lacs (previous year Rs.15900 Lacs) for development of National Highways (Original Works) have been received from Govt. of India. These have been credited to the Capital Account.

2008-2009

During the year, an amount of Rs.697247 Lacs (previous year Rs.654106 Lacs) has been received from the Government of India as Cess Funds. In addition, Rs.15900 Lacs (previous year Rs.26500 Lacs) for development of National Highways (Original Works) have been received from Govt. of India. These have been credited to the Capital Account.

NOTE 2

2012-2013

An amount of Rs. 343.56 crore (previous year Rs. 95.42 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 452.49 crore (previous year Rs. 507.88 crore).

2011-2012

An amount of Rs. 95.42 crore (previous year Rs. 617.65crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 507.88 crore (previous year Rs. 547.16 crore).

2010-2011

An amount of Rs. 61765 lacs (previous year Rs. 8794 lacs) has been received during the year from the Government of India towards maintenance of National Highways.

2009-2010

An amount of Rs.8794 lacs (previous year Rs.7000 lacs) has been received during the year from the Government of India towards maintenance of National Highways.

2008-2009

An amount of Rs.7000 lacs (previous year Rs.14792 lacs) has been received during the year from the Government of India towards maintenance of National Highways.

NOTE 3

2012-2013

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 5419.32 crore (including Rs. 173.74 crore accrued on CALA deposits) as on 31.03.2013 (previous year Rs. 4107.44crore) has been shown (Schedule 5) as a reduction from the Capital Work in Progress.

2011-2012

Interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 4107.44 crore as on 31.03.2012 (Rs. 3690.11crore as on 31.03.11) has been shown (Schedule 5) as a reduction from the Capital Work in Progress.

2010-2011

Interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 369011 lacs as on 31.03.2011 (Rs. 355236lacs as on 31.03.10) has been shown as a reduction from the Capital Work in Progress.

2009-2010

Interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs.355236 lacs as on 31.03.2010 (Rs. 335211 lacs as on 31.03.09) has been shown as a reduction from the Capital Work in Progress.

2008-2009

Interest on unutilized capital and also on loans & advances to contractors/ consultants etc., amounting to Rs.335211 lacs as on 31.3.09 (Rs.282765 lacs as on 31.3.08) has been shown as a reduction from the Capital Work in Progress.

NOTE 4

2012-2013

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC.

2011-2012

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority as grant/loan.

2010-2011

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority as grant/loan.

2009-2010

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority as grant/loan.

2008-2009

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority as grant/loan.

NOTE 5

2012-2013

During the current year (2012-13) as well as previous year (2011-12) no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

2011-2012

An amount of Rs Nil (previous year Rs. 320.00 crore) received from the Government of India during the year towards execution of Externally Aided Projects (EAP) has been exhibited as ‘Capital Grant’.

2010-2011

An amount of Rs 32000 lacs (previous year Rs. 27200 lacs) received from the Government of India during the year towards execution of Externally Aided Projects (EAP) has been exhibited as ‘Capital Grant’.

2009-2010

An amount of Rs 27200 lacs (previous year Rs. 151500 lacs) received from the Government of India during the year towards execution of Externally Aided Projects (EAP) has been exhibited as ‘Capital Grant’.

2008-2009

An amount of Rs.151500 lacs (previous year Rs.177600 lacs) received from the Government of India during the year towards execution of Externally Aided Projects (EAP) has been exhibited as ‘Capital Grant’.

NOTE 6

2012-2013

The entire outstanding loan of Rs. 339.00 crore as on 31.03.2013 has been exhibited as ‘Loan from Government of India’. This loan along with interest @13.50 has been fully paid in May 2013.

2011-2012

Further, an amount of Rs Nil (previous year Rs. 80.00 crore) has been received during the year from the Government of India as loan for execution of the Externally Aided Projects. The entire outstanding loan of Rs. 855.85 crore has been exhibited as ‘Loan from Government of India’. Based on the terms and conditions of these loans, interest @13.50 % due up to 31.03.2012 has also been paid.

2010-2011

Further, an amount of Rs 8000 lacs (previous year Rs. 6800 lacs) has been received during the year from the Government of India as loan for execution of the Externally Aided Projects. The entire outstanding loan of Rs. 99250 lacs has been exhibited as ‘Loan from Government of India’. Based on the terms and conditions of these loans, interest @13.50 % due up to 31.03.2011 has also been paid.

2009-2010

Further, an amount of Rs 6800 lacs (previous year Rs. 37900 lacs) has been received during the year from the Government of India as loan for execution of the Externally Aided Projects. The entire outstanding loan of Rs 104115 lacs has been exhibited as ‘Loan from Government of India’. Based on the terms and conditions of these loans interest due upto 31.03.2010 has also been paid.

2008-2009

Further, an amount of Rs.37900 lacs (previous year Rs.44400 lacs) has been received during the year from the Government of India as loan for execution of the Externally Aided Projects. The entire outstanding loan of Rs.109500 lacs has been exhibited as 'Loans from Government of India'. Based on the terms and conditions of these loans interest due upto 31.3.2009 has also been paid.

NOTE 7

2012-2013

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2013 are as under:

A) Projects funded by World Bank Loan
(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2231.26	7.81	2239.07
Lucknow	1133.06	0.00	1133.06
Muzaffarpur	1010.57	0.00	1010.57
Kanpur	1405.86	0.23	1406.09
Allahabad	2012.77	0.00	2012.77
Varanasi	1325.48	4.09	1329.57
Dhanbad (Koderma)	1303.47	4.63	1308.10
Agra	1134.90	11.16	1146.06
Total	11557.37	27.92	11585.29

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	400.78	0.00	400.78
1274 IND	Vijaywada	440.69	-	440.69
1274 IND	Durgapur	1923.77	0.80	1924.57
1747 IND	Surat Expressway	1297.17	6.49	1303.66
1839 IND	Chitradurga	1139.05	1.38	1140.43
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	701.14	0.00	701.14
2029 IND	Jhansi	1157.90	2.49	1160.39

2029 IND	Chittorgarh(EW)	1327.66	1.35	1329.01
2029 IND	Jhalawar	1183.97	0.33	1184.30
2154 IND	Anantpur	1340.65	0.33	1340.98
2154 IND	Sagar	1035.16	0.08	1035.24
2154 IND	Narsingpur	907.15	2.10	909.25
Total		15213.49	37.18	15267.67

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

B) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	318.42	0.00	318.42
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	148.28	0.00	148.28
Total		913.37	1.06	914.43

2011-2012

These projects are implemented through independent Project Implementation Units (PIUs). The PIU wise details of expenditure incurred on the EAPs as on 31.03.2012 are as under:

A). Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

Gorakhpur	2109.19	7.81	2117.00
Lucknow	1131.11	24.29	1155.40
Muzaffarpur	1010.57	40.82	1051.39
Kanpur	1405.86	0.23	1406.09
Allahabad	1998.56	10.52	2009.08
Varanasi	1299.32	20.09	1319.41
Dhanbad (Koderma)	1306.24	5.77	1312.01
Agra	1130.79	11.16	1141.95
Total	**11391.64**	**120.69**	**11512.33**

B) Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	**PIU**	**CWIP**	**Advances**	**Total**
1274 IND	Gurgaon	400.78	0.00	400.78
1274 IND	Vijaywada	438.86	2.05	440.91

1274 IND	Durgapur	443.69	0.80	444.49
1747 IND	Manor (SMTP)	1170.88	6.49	1177.37
1839 IND	Chitradurga	1139.05	0.00	1139.05
1944 IND	Gandhidham	1306.46	2.40	1308.86
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	700.46	0.00	700.46
2029 IND	Jhansi	1145.53	9.51	1155.04
2029 IND	Chittorgarh(EW)	1327.66	1.35	1329.01
2029 IND	Jhalawar	1170.44	0.00	1170.44
2154 IND	Anantpur	1345.15	0.35	1345.50
2154 IND	Sagar	910.13	1.95	912.08
2154 IND	Narsingpur	821.71	6.40	828.11
Total		**13362.81**	**51.05**	**13413.86**

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.05	0.29	299.34
ID-P 92	Vijayawada	284.18	0.23	284.41
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	147.73	0.49	148.22
Total		**878.56**	**1.78**	**880.34**

2010-2011

These projects are implemented through independent Project Implementation Units (PIUs). The PIU wise details of expenditure incurred on the EAPs as on 31.03.2011 are as under:

A) Projects funded by World Bank
(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in lacs)

PIU	CWIP	Advances	Total
Basti	111219	0	111219
Gorakhpur	74023	2286	76309
Lucknow	104962	1733	106695

Muzaffarpur	102115	5571	107686
Kanpur	140586	023	140609
Allahabad	198568	1905	200473
Varanasi	129847	2009	131856
Dhanbad (Koderma)	130071	795	130866
Agra	112760	1895	114655
Total	**1104151**	**16217**	**1120368**

B) . Projects funded by Asian Development Bank

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	40078	0	40078
1274 IND	Vijaywada	43886	205	44091
1274 IND	Durgapur	44396	080	44476
1747 IND	Manor (SMTP)	117088	649	117737
1839 IND	Chitradurga	113905	138	114043
1944 IND	Palanpur	128713	398	129111
1944 IND	Rajkot	104201	1975	106176
2029 IND	Shivpuri	70014	0	70014
2029 IND	Jhansi	106854	836	107690
2029 IND	Chittorgarh(EW)	132164	336	132500
2029 IND	Jhalawar	116777	260	117037
2154 IND	Anantpur	130425	19	130444
2154 IND	Sagar	76148	379	76527
2154 IND	Narsingpur	73323	1053	74376
Total		**1297972**	**6328**	**1304300**

Loan No. 1747 in respect of Surat Manor Tollway Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	29905	029	29934

ID-P 92	Vijayawada (Guntur)	28418	023	28441
ID-P 100	Bhubaneshwar	14760	077	14837
ID-P 101	Ghaziabad	14639	088	14727
Total		**87722**	**217**	**87939**

2009-2010

These projects are implemented through independent Project Implementation Units (PIUs). The PIU wise details of expenditure incurred on the EAPs as on 31.03.2010 are as under:

A) Projects funded by World Bank

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in lacs)

PIU	CWIP	Advances	Total
Basti	83793	587	84380
Gorakhpur	55743	4097	59840
Lucknow	88910	3170	92080
Muzaffarpur	64534	10657	75191
Kanpur	140586	233	140819
Allahabad	198183	1905	200088
Varanasi	128646	2009	130655
Dhanbad (Koderma)	128722	818	129540
Agra	111228	2178	113406
Total	**1000345**	**25654**	**1025999**

B) Projects funded by Asian Development Bank

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	37498	000	37498
1274 IND	Vijaywada	43886	205	44091
1274 IND	Durgapur	44340	080	44420
1747 IND	Manor (SMTP)	114284	649	114933

1839 IND	Chitradurga	113905	5821	119726
1944 IND	Palanpur	126857	476	127333
1944 IND	Rajkot	104201	2052	106253
2029 IND	Shivpuri	69142	014	69156
2029 IND	Jhansi	90140	811	90951
2029 IND	Chittorgarh(EW)	131648	336	131984
2029 IND	Baran	116534	265	116799
2154 IND	Anantpur	109860	141	110001
2154 IND	Sagar	51962	340	52302
2154 IND	Narsingpur	63300	1463	64763
Total		**1217557**	**12653**	**1230210**

Loan No. 1747 in respect of Surat Manor Tollway Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	29905	29	29934
ID-P 92	Vijayawada (Guntur)	28418	23	28441
ID-P 100	Bhubaneshwar	14760	77	14837
ID-P 101	Ghaziabad	14629	88	14717
Total		**87712**	**217**	**87929**

2008-2009

These projects are implemented through independent Project Implementation Units (PIUs). The PIU wise details of expenditure incurred on the EAPs as on 31.03.2009 are as under:

A) Projects funded by World Bank
(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)
(Rs. in lacs)

PIU	CWIP	Advances	Total
Basti	50891	5107	55998

Gorakhpur	39377	6820	46197
Lucknow	66657	3793	70450
Muzaffarpur	40479	11481	51960
Kanpur	134796	241	135037
Allahabad	182805	2574	185379
Varanasi	127429	2021	129450
Dhanbad (Koderma)	124880	1022	125902
Agra	110315	2204	112519
Total	**877629**	**35263**	**912892**

B) Projects funded by Asian Development Bank

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	38338	000	38338
1274 IND	Vijaywada	43882	585	44467
1274 IND	Durgapur	44216	080	44296
1747 IND	Manor (SMTP)	122555	649	123204
1839 IND	Chitradurga	113905	5821	119726
1944 IND	Palanpur	122377	562	122939
1944 IND	Rajkot	68894	1244	70138
2029 IND	Shivpuri	66995	088	67083
2029 IND	Jhansi	59555	644	60199
2029 IND	Chittorgarh(EW)	130345	343	130688
2029 IND	Baran	101206	198	101404
2154 IND	Anantpur	61295	8362	69657
2154 IND	Sagar	32079	2553	34632
2154 IND	Narsingpur	43659	5215	48874
Total		**1049301**	**26344**	**1075645**

Loan No. 1747 in respect of Surat Manor Tollways Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation

(Rs. in lacs)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	29905	029	29934
ID-P 92	Vijayawada (Guntur)	28418	000	28418
ID-P 100	Bhubaneshwar	14746	091	14837
ID-P 101	Ghaziabad	14616	088	14704
Total		**87685**	**208**	**87893**

NOTE 8

2012-2013

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 673.72 crores (USD 123.04 million @ Rs54.755) as on 31.03.2013 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 10.90crore on loan (previous year Rs. 7.16 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.68 crore (previous year Rs. 1.65 crore) in respect of Government of India guarantee has also been made in the accounts.

2011-2012

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was disbursed. There is an outstanding balance of Rs 659.13 crores (USD 127.84 million @ Rs 51.560) as on 31.03.2012 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 7.16 crore on loan (previous year Rs. 7.32 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the servicing of the loan is to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.65 crore (previous year Rs. 1.49 crore) in respect of Government of India guarantee has also been made in the accounts.

2010-2011

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was disbursed. There is an outstanding balance of Rs 59564 lacs (USD 132.195 million @ Rs 45.0575) as on 31.03.2011 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 732 lacs on loan (previous year Rs. 1079 lacs which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the servicing of the loan is to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 149 lacs (previous year Rs. 155 lacs) in respect of Government of India guarantee has also been made in the accounts.

2009-2010

Loan received from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8 has an outstanding balance of Rs 61955 lacs (USD 136.136 million @ Rs 45.51) as on 31.03.2010 and the same has been included under 'Borrowings'. Interest charges on loan amounting to Rs 1079 lacs (previous year Rs. 2460 lacs which pertains to post construction period) has been shown as a reduction from toll revenue payable to GOI, since the servicing of the loan is to be met out of the toll collection. Provision for guarantee fee amounting to Rs 155 lacs (previous year Rs. 189 lacs) in respect of Government of India guarantee has also been made in the accounts.

2008-2009

Loan received from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8 has an outstanding balance of Rs.71919 lacs (USD139.70 million @ Rs.51.48) as on 31.03.09 & the same has been included under 'Borrowings'. Interest charges on loan amounting to Rs.2460 lacs (previous year Rs.2994 lacs which pertains to post construction period) has been shown as a reduction from toll revenue payable to GOI, since the servicing of the loan is to be met out of the toll collection. Provision for guarantee fee amounting to Rs.189 lacs (previous year Rs.143 lacs) in respect of Government of India guarantee has also been made in the accounts.

NOTE 9

2010-2011

Up to FY 2008-09 negative grants received from concessionaires were shown as capital reserve. From FY 2009-10 the same is being shown as payable to GoI as shown in Schedule 2 and Schedule 8. The amount of toll revenue, shared revenue and negative grant up to 31.03.2010 was accounted for in the financing plan of NHAI and as such utilized on development and maintenance of National Highways (NH).

NOTE 10

2012-2013

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2012-13 NHAI has deposited a total amount of Rs. 3895.14 crore (toll revenue Rs. 2385.23 crore, shared revenue Rs. 1011.60 crore, negative grant Rs. 497.17 crore and accrued interest Rs.1.14 crore) in Consolidated Fund of India as per the direction of Ministry. Rs.1777.00 crore (previous year Rs.2692.89 crore) has been ploughed back by Ministry to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc. Net current liability of pre 1.4.2010 period on account of toll and negative grant etc. stood at Rs. 6183.56 crore. This amount had already been utilized on project development and was no longer payable to GoI. During current financial year, the same has been transferred to capital.

2011-2012

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. NHAI has accordingly deposited a total amount of Rs. 2944.47 crore (toll revenue Rs. 2084.36 crore, shared revenue Rs. 706.17 crore, negative grant Rs. 141.08 crore and accrued interest Rs. 12.86 crore) in Consolidated Fund of India during the year 2011-12 on quarterly basis. Ministry has released Rs. 2692.89 crore (previous year Rs.1623.00 crore) to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

2010-2011

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. NHAI has accordingly deposited a total amount of Rs. 222858 lacs (toll revenue Rs. 173929 lacs, shared revenue Rs. 44020 lacs, negative grant Rs. 3430 lacs and accrued interest Rs. 1479 lacs) in Consolidated Fund of India during the year 2010-11 on quarterly basis. Ministry has released Rs. 162300 lacs to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

NOTE 11

2012-2013

As mandated under the Union Budget 2012-13, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 2902.06 crore during the year (previous year Rs. 2511.51crore). These Bonds are secured against a flat at Ahmedabad (Book value Rs.11.97 lacs). The total expense on issue of Bonds amounts to Rs 66.99 crores up to 31.03.2013 (up to previous year Rs. 67.62 crore). The interest on bond from the dates of allotment up to 31.03.2013 amounting to Rs 3314.60 crore (up to previous year Rs 2908.03 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2011-2012

As mandated under the Union Budget 2011-12, the Authority has issued Capital Gains Tax free Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 2511.51 crore during the year (previous year Rs. 2160.61 crore). These Bonds are secured against a flat at Ahmedabad (Book value Rs.11.97 lacs). The total expense on issue of Bonds amounts to Rs 67.62 crores up to 31.03.2012 (up to previous year Rs. 63.14 crore). The interest on bond from the dates of allotment up to 31.03.2012 amounting to Rs 2908.03 crore (up to previous year Rs 2592.83 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2010-2011

As mandated under the Union Budget 2010-11, the Authority has issued Capital Gains Tax free Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 216061 lacs during the year (previous year Rs. 115363 lacs). These Bonds are secured against a flat at Ahmedabad (Book value Rs.11.97 lacs). The total expense on issue of Bonds amounting to Rs 6314 lacs up to 31.03.2011 (up to previous year Rs. 5949 lacs). The interest on bond from the dates of allotment up to 31.03.2011 amounting to Rs 259283 lacs (up to previous year Rs. 235830 lacs), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2009-2010

As mandated under the Union Budget 2009-10, the Authority has issued Capital Gains Tax free Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs 115363 lacs during the year (previous year Rs.163001 lacs). The total expenses on issue of Bonds amounting to Rs 5953 lacs upto 31.03.2010 (up to previous year Rs. 5544 lacs). The interest on bond from the dates of allotment up to 31.03.2010 amounting to Rs 235830 lacs (up to previous year Rs. 219103 lacs), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2008-2009

As mandated under the Union Budget 2008-09, the Authority has issued Capital Gains Tax free Bonds under Section 54 EC of the Income Tax Act, 1961 for an amount of Rs.163001 lacs during the year (previous year Rs.30518 lacs). The total expenses on issue of Bonds amounting to Rs.5544 lacs upto 31.03.09 (up to previous year Rs.5152 lacs). The interest on bond from the dates of allotment up to 31.3.2009 amounting to Rs.219103 lacs (up to previous year Rs.197999 lacs), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

NOTE 12

2012-2013

Authority has not taken any overdraft from banks during current as well as previous year.

2011-2012

Pursuant to the approval of the Authority for obtaining overdraft facilities to meet the short term requirements of funds, the banks have sanctioned limits for over draft and letter of credits. Outstanding amount on account of overdraft is Rs. Nil (previous year Rs. 225.22 crore).

2010-2011

Pursuant to the approval of the Authority for obtaining overdraft facilities to meet the short term requirements of funds, the banks have sanctioned limits for over draft and letter of credits. As on 31st March 2011, Letters of Credits to the tune of Rs. 43234 lacs have been issued. Whereas outstanding amount on account of overdraft is Rs. 22522 lacs (Rs. 22406 lacs unsecured loan and Rs. 116 lacs secured loan against FDR) which has subsequently been repaid in April 2011.

2009-2010

Pursuant to the approval of the Authority for obtaining overdraft facilities to meet the short term requirements of funds, the banks have sanctioned limits for issue of letter of credits. As on 31st March 2010, the total outstanding amount is from Canara Bank Rs 23734 lacs on account of Letters of Credits. In addition loan against FDR of Rs 32901 lacs was outstanding as on 31.03.2010.

2008-2009

Pursuant to the approval of the Authority for obtaining overdraft facilities to meet the short term requirements of funds, the banks have sanctioned limits for issue of letter of credits. As on 31 March 2009, the total outstanding amount is Rs.28786 lacs on account of Letters of Credits. In addition loan against FDR of Rs.29500 lacs was outstanding as on 31.3.2009.

NOTE 13

2012-2013

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2011-2012

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2010-2011

Claims recoverable include an amount of Rs 10047 lacs, including interest, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2009-2010

Claims recoverable includes an amount of Rs 10047 lacs, including interest, (previous year Rs. 8713 lacs) recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Arbitral Tribunal.

2008-2009

Claims recoverable includes an amount of Rs.8713 lacs, including interest, (previous year Rs.7557 lacs) recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Arbitral Tribunal.

2007-2008

Claims recoverable includes an amount of Rs.7557 lacs, including interest, (previous year Rs.6553 lacs) recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Arbitral Tribunal.

2006-2007

Claims recoverable includes an amount of Rs 6553 lacs, including interest, (previous year Rs. 5683 lacs) recoverable from M/s Ganapati Tolls an erstwhile Toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Arbitral Tribunal.

NOTE 14

2012-2013

The liability for Gratuity and Leave encashment has been provided as per Gratuity Act and NHAI rules respectively. An amount of Rs.18.89 crores equal to the accrued liability as on 31.03.2013 for meeting Gratuity and leave encashment liability is proposed to be invested in FDRs with banks.

2011-2012

The liability for Gratuity has been provided as per Gratuity Act and Leave encashment as per NHAI rules instead of provision for retirement benefits on actuarial valuation as prescribed in Accounting Standard - 15. FDR with banks include deposit held by Authority on account of Reserves and Provisions for Rs.15.04 crore for meeting Gratuity and leave encashment liability.

2010-2011

The liability for Gratuity has been provided as per Gratuity Act and Leave encashment as per NHAI rules instead of provision for retirement benefits on actuarial valuation as prescribed in Accounting Standard - 15.

2009-2010

The liability for Gratuity has been provided as per Gratuity Act and Leave encashment as per NHAI rules instead of provision for retirement benefits on actuarial valuation as prescribed in Accounting Standard - 15.

2008-2009

The liability for gratuity has been provided as per gratuity Act and leave encashment as per NHAI rules instead of provision for retirement benefits on actuarial valuation as prescribed in Accounting Standard 15.

NOTE 15

2012-2013

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2011-2012

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2010-2011

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2009-2010

As on 31.3.2010,NHAI has been granted Income-tax exemption under section 10(23C)(iv) of the Income Tax Act, 1961 up to the Assessment Year 2004-05 and also w.e.f. AY 2008-09 and onwards. Authority has also been subsequently granted exemption u/s 10(23C) (iv) of IT Act 1961 for the intervening period of AY.2005-06 to AY.2007-08 in April, 2010 vide Order dated 27.04.2010 issued by the Director General (Exemption) of Income Tax. Accordingly provision for Income- tax has not been made as in the previous years.

2008-2009

NHAI has been granted Income-tax exemption under section 10 (23 C) (iv) of the Income Tax Act, 1961 up to the Assessment Year 2004-05 and also w.e.f. AY 2008-09 and onwards. The Authority has already filed an application for grant of exemption for the intervening period of AY 2005-06 to AY 2007-08 which is currently pending with the Director General (Exemption) of Income Tax. Accordingly provision for Income- tax has not been made as in the previous years.

NOTE 16

2012-2013

During the year no loan/advance was granted to Chairman/ Members.
Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2011-2012

During the year no loan/advance was granted to Chairman/ Members.
Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2010-2011

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2009-2010

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2008-2009

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

NOTE 17

2012-2013

The investment of the Authority in various SPVs stand at Rs.1198.47 crore as on 31st March 2013 and Loan at Rs.1380.54 crore. On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2013-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmedadabad-Vadodara Ex. way Co. Ltd.	19.59	-
Mumbai-JNP Port Road Co. Ltd.	0.00	-
Mormugao Port Road Co. Ltd.	32.97	-
Visakhapatnam Port Road Co. Ltd.	49.64	-
Calcutta-Haldia Port Road Co. Ltd.	368.83	-
Chennai-Ennore Port Road Co. Ltd.	00.00	-
Cochin Port Road Co. Ltd.	142.72	-
Tuticorin Port Road Co. Ltd.	145.13	-
Paradeep Port Road Co. Ltd.	408.23	-
New Manglore Port Road Co. Ltd.	165.40	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1380.54	-

2011-2012

The investment of the Authority in various SPVs stand at Rs. 1132.64 crore as on 31st March 2012 and Loan at Rs. 1315.78 crore. Entire investment of Rs. 6.00 crore in Gujrat National Highways Ltd. was recovered on its liquidation during the year. On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2012-

Name of Subsidiary	Loans(Rs.) Crore	Advances (Rs.) crore
Ahmedadabad-Vadodara Ex. way Co. Ltd.	95.48	-
Mumbai-JNP Port Road Co. Ltd.	13.39	-
Mormugao Port Road Co. Ltd.	29.20	-
Visakhapatnam Port Road Co. Ltd.	57.03	-
Calcutta-Haldia Port Road Co. Ltd.	298.72	-
Chennai-Ennore Port Road Co. Ltd.	0.00	-
Cochin Port Road Co. Ltd.	136.95	-
Tuticorin Port Road Co. Ltd.	109.24	-
Paradeep Port Road Co. Ltd.	382.88	-
New Manglore Port Road Co. Ltd.	144.86	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1315.78	-

2010-2011

The investment of the Authority in various SPVs stand at Rs. 107593 lacs as on 31st March 2011 and Loan at Rs. 109348 lacs. This includes 60lacs equity shares of Rs.10 each in Gujarat National Highway Limited which was under liquidation as on 31.3.2011 and since been liquidated in FY 2011-12.

2009-2010

Authority holds 60lacs equity shares of Rs.10 each in Gujarat National Highway Limited. Realizable value of this investment could not be ascertained as the company is under liquidation.

2008-2009

Authority holds 60 lacs equity shares of Rs.10 each in Gujarat National Highway Limited. Realizable value of this investment could not be ascertained as the company is under liquidation.

NOTE 18

2012-2013

Under Public-Private Partnership up to 31.03.2013, 55 number of BOT (Toll) Projects (covering a length of 3337.270 Km) on completion have achieved CoD.

2011-2012

Up to 31.03.2012, on completion of projects, 50 number of BOT (Toll) Projects (covering a length of 2770 Km) under Public-Private Partnership have achieved CoD after achieving completion. On these completed BOT (Toll) Projects a sum of Rs. 23869 crore approximately have been reportedly contributed by various concessionaires, which is over and above the amount shown against expenditure on completed projects awaiting transfer/capitalization.

2010-2011

A total number of 40 BOT (Toll) Projects (covering a length of 2163.82 Km) under Public-Private Partnership have been completed up to 31.03.2011. On these completed BOT (Toll) Projects a sum of Rs. 2057083 lacs have been contributed by various concessionaires, which is over and above the amount shown against expenditure on completed projects awaiting transfer/capitalization.

2008-2009

The Government of India has entrusted to NHAI specified National Highways totalling 18498 kms.

NOTE 19

2012-2013

A total number of 23 Annuity Projects (covering a length of 1254.09 Km) executed under Public-Private Partnership has been completed as on 31.03.2013. Under the said contracts, fixed half-yearly annuities over a period of 15 to 20 years from the dates of completion of the projects amounting to Rs.27357.52 crores are required to be paid by the Authority. Out of this, an amount of Rs. 8156.47 crores has been paid till 31.03.2013 (up to previous year Rs. 6272.89 crore), which has been included in 'Expenditure on completed projects.

2011-2012

A total number of 20 Annuity Projects (covering a length of 1154.71 Km) executed under Public-Private Partnership has been completed as on 31.03.2012. Under the said contracts, fixed half-yearly annuities over a period of 15 to 20 years from the dates of completion of the projects amounting to Rs.23332.92 crores are required to be paid by the Authority. Out of this, an amount of Rs.6272.89 crores has been paid till 31.03.2012, which has been included in 'Expenditure on completed projects.

2010-2011

A total number of 19 Annuity Projects (covering a length of 1096.92 Km) executed under Public-Private Partnership has been completed as on 31.03.2011. Under the said contracts, fixed half-yearly annuities over a period of 18 years from the dates of completion of the projects amounting to Rs.2198800 lacs are required to be paid by the Authority. Out of this, an amount of Rs.432174 lacs has been paid till 31.03.2011, which has been included in 'Expenditure on completed projects awaiting capitalization/transfer' pending an expert advice regarding its appropriate accounting treatment in the financial statements.

2009-2010

A total number of 14 Annuity Projects (covering a length of 853.69 Kms) executed under Public-Private Partnership has been completed as on 31.03.2010. Under the said contracts, fixed half-yearly annuities over a period of 18 years from the dates of completion of the projects amounting to Rs.1663322 lacs are required to be paid by the Authority. Out of this, an amount of Rs.317903 lacs has been paid till 31.03.2010, which has been included in 'Expenditure on completed projects awaiting capitalization/transfer' pending an expert advice regarding its appropriate accounting treatment in the financial statements.

2008-2009

A total number of 8 Annuity Projects (covering a length of 475.58 Kms) executed under Public- Private Partnership has been completed as on 31.3.2009. Under the said contracts, fixed half yearly annuities over a period of 15 years from the dates of completion of the projects amounting to Rs.863520 lacs are required to be paid by the Authority. Out of this, an amount of Rs.229959 lacs has been paid till 31.3.2009, which has been reflected as 'Expenditure on completed projects awaiting capitalization/transfer' pending an expert advice regarding its appropriate accounting treatment in the financial statements.

NOTE 20

2012-2013

(a) The bank guarantees submitted by the contractors amounting to Rs.82.63 crores were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal action for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration/Court.
(b) During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. The matter is under investigation.

2011-2012

The bank guarantees submitted by the contractors amounting to Rs.82.63 crores were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal action for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration/Court.

2010-2011

The bank guarantees submitted by the contractors amounting to Rs.8263 lacs were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal actions for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration.

2009-2010

The bank guarantees submitted by the contractors amounting to Rs.8263 lacs were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal actions for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration.

2008-2009

The bank guarantees submitted by the contractors amounting to Rs.8263 lacs were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal actions for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration.

NOTE 21

2012-2013

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. Depreciation has not been provided on completed projects and these assets, as and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.
As against earlier policy of charging depreciation on assets at full rate regardless of period for which asset is available for/put to use; from financial year 2012-13 authority has changed its policy and is charging depreciation @ 50% of the rate if asset is available for/put to use for less than 180 days in a given financial year.

2011-2012

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. Depreciation has not been provided on completed projects and these assets. As and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

2010-2011

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. As and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

2009-2010

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. As and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

2008-2009

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. As and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

NOTE 22

2012-2013

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1stApril, 2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in crores)
Agency charges - Opening balance as on 01.04.2012	838.75
Add: Agency charges for the FY.2012-13	335.01
Total	1173.76
Less: Net Administrative expenses for the year charged to CWIP	157.12
Agency Charges: Balance Carried forward 31.03.2013	1016.64

Reserves and surplus of Rs.411.98 crore mainly consist of Agency Charges, recognized notionally, for the period up to 31.03.2008.

2011-2012

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT (Toll), BOT (Annuity) and SPV projects
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the income is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in crores)
Agency charges - Opening balance as on 01.04.2011	549.51
Add: Agency charges for the FY.2011-12	423.61
Total	973.12
Less: Net Administrative expenses for the year charged to CWIP	134.37
Agency Charges: Balance Carried forward 31.03.2012	838.75

Reserves and surplus of Rs. 411.99 crore mainly consist of Agency Charges, recognized notionally, for the period up to 31.03.2008.

2010-2011

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(d) 1% on all capital works projects, including on the total expenditure on BOT (Toll) and BOT (Annuity) projects
(e) 9% on the expenditure on maintenance of highways directly done by NHAI;
(f) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All establishment expenditure, after setting of the income is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in lacs)
Agency charges - Opening balance as on 01.04.2010	29806
Add: Agency charges for the FY.2010-11	36873
Total	**66679**
Less: Net Establishment expenses for the year charged to CWIP	11728
Agency Charges: Balance Carried forward 31.03.2011	54951

Reserves and surplus of Rs. 41199 lacs mainly consist of Agency Charges, recognized notionally, for the period up to 31.03.2008.

2009-2010

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All establishment expenditure, after setting of the income is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in lacs)
Agency charges - Opening balance as on 01.04.2009	13684
Add: Agency charges for the FY.2009-10	24452
Total	**38136**
Less: Nett Establishment expenses for the year charged to CWIP	8330
Agency Charges: Balance Carried forward 31.03.2010	29806

2008-2009

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All establishment expenditure, after setting of the income is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in lacs)
Agency charges - Opening balance as on 1/4/2008	0
Add: Agency charges for the year 2008-09	24005
Total	24005

Less: Establishment expenses for the year charged to CWIP	10321
Agency Charges: Balances Carried forward	13684

NOTE 23

2012-2013

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.

b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

e. No income/fund of NHAI for the year ended 31st March 2013 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

f. All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds.

2011-2012

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operation of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.
b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;
c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities and
d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.
e. No income/fund of NHAI for the year ended 31st March 2012 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

2010-2011

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities and
d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.
e. No income/fund of NHAI for the year ended 31st March 2011 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

2009-2010

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;
c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities and
d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

2008-2009

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;
c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities and
d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

NOTE 24

2012-2013

Previous year's figures have been regrouped and rearranged, wherever necessary.

2011-2012

Previous year's figures have been regrouped and rearranged, wherever necessary.

2010-2011

Previous year's figures have been regrouped and rearranged, wherever necessary.

2009-2010

Previous year's figures have been regrouped and rearranged, wherever necessary.

2008-2009

Previous year's figures have been regrouped and rearranged, wherever necessary.

NOTE 25

2012-2013

Contingent Liability not acknowledged as debt:

(i) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These leases being perpetual in nature are not being amortized. Details are as under-

S No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No. - B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	Lease yet to be signed

As per the allotment letter, the premium paid to DDA is provisional pending the revision of rates. Demand on account of revision of rates, if any, is not raised by DDA. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

(ii) There are 162 Arbitration and 84 court cases involving Rs. 14002.59 crore pending against Authority. Authority has also filed 32 Arbitration and 11 Court cases against contractors/concessionaires involving Rs.3382.20 crore. Authority has also arranged bank guarantee to the tune of Rs. 220.60 crore and Fixed deposits of Rs.127.12 crore as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(iii) Authority has so far issued Letters of Credits to the tune of Rs. 565.58 crore for payment of annuities.

(iv) The total project cost of EPC contracts under implementation as on 31.3.2013 is Rs. 14,075 crore.

2011-2012

Contingent Liability not acknowledged as debt:

(i) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These leases being perpetual in nature are not being amortized. Details are as under-

S No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No. - B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	Lease yet to be signed.

As per the allotment letter, the premium paid to DDA is provisional pending the revision of rates. Demand on account of revision of rates, if any, is not raised by DDA. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

(ii) There are 126 Arbitration and 72 court cases involving Rs. 10187.31 crore pending against Authority. Authority has also filed 27 Arbitration and 7 Court cases against contractors/concessionaires involving Rs.1194.99 crore. Authority has also arranged bank guarantee to the tune of Rs. 118.82 crore against various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(iii) Authority has issued Letters of Credits to the tune of Rs. 432.34 crore.

(iv) Contracts (EPC) remaining to be executed on capital work amounts to Rs.2424.88 crore as on 31.3.2012.

2010-2011

Contingent Liability not acknowledged as debt:

The Delhi Development Authority (DDA) has allotted land under leasehold to the Authority for construction of the Office Building and Staff Quarters. As per the allotment letter, the premium paid were provisional pending the revision of rates. Demand on account of revision of rates, if any, is not raised by DDA. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

i. There are 131 Arbitration cases pending. Under these cases, claim amounting to around Rs.1021913lacs have been made by various contractors. In respect of other claims/legal cases, the liability is not ascertainable at present.
ii. Contracts (EPC) remaining to be executed on capital work amounting toRs.2119580 lacs as on 31.3.2011.

2009-2010

Contingent Liability not acknowledged as debt:

The Delhi Development Authority (DDA) has allotted land under leasehold to the Authority for construction of the Office Building and Staff Quarters. As per the allotment letter, the premium paid were provisional pending the revision of rates. The liability on account of the revision in the rates, if any, is not quantifiable. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

i. There are 133 Arbitration cases pending. Under these cases, claims amounting to around Rs.947156 lacs have been made by various contractors. In respect of other claims/legal cases, the liability is not ascertainable at present.
ii. Contracts remaining to be executed on capital work amounting to Rs.2992527lacs as on 31.3.2010.

2008-2009

Contingent Liability not acknowledged as debt:

The Delhi Development Authority (DDA) has allotted land under leasehold to the Authority for construction of the Office Building and Staff Quarters. As per the allotment letter, the premium paid were provisional pending the revision of rates. The liability on account of the revision in the rates, if any, is not quantifiable. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

i. There are 144 Arbitration cases pending. Under these cases, claims amounting to around Rs.850880 lacs have been made by various contractors. In respect of other claims/legal cases, the liability is not ascertainable at present.
ii. Contracts remaining to be executed on capital work amounting to Rs.2121627 lacs as on 31.3.2009.

NOTE 26

2012-2013

During the FY 2012-13, Authority has raised Rs. Nil (Previous year Rs. 10000 crores) through Public issue of tax free secured, redeemable, non-convertible bonds. These bonds are secured against first *paripassu* charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI (as reflected in balance sheet for FY ended 31.03.2011), being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). In this regard no objection certificate has been obtained from Central Government vide MoRTH letter No. RW/NH-39011/37/2011-P&P (Pt.) dated 05thDecember, 2011.

2011-2012

During the FY 2011-12, Authority has raised Rs. 10000 crores through Public issue of tax free secured, redeemable, non-convertible bonds. These bonds were fully subscribed and are secured against first *paripassu* charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI (as reflected in balance sheet for FY ended 31.03.2011), being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). In this regard no objection certificate has been obtained from Central Government vide MoRTH letter No. RW/NH-39011/37/2011-P&P (Pt.) dated 05thDecember, 2011.

NOTE 27

2012-2013

Title of the land on which highways are constructed is with Government of India. However cost of land acquired by NHAI in respect of ongoing and completed projects are reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

2011-2012

Title of the land on which highways are constructed is with Government of India however cost of land in respect of ongoing and completed projects is reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

NOTE 28

2012-2013

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1138.99 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs.338.74 crore.

2011-2012

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1034.83 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs. 234.25 crore.

NOTE 29

2012-2013

On the completed BOT (Toll) and Annuity Projects up to 2011-12 a sum of Rs.108301.99 crores approximately have been expended by various concessionaires, which is over and above the amount incurred by NHAI shown as expenditure on completed projects awaiting transfer/capitalization.

STATEMENT OF ACCOUNTING RATIOS

ANNEXURE-VII

Calculation of Return on Net Worth (RONW)

NATIONAL HIGHWAY AUTHORITY OF INDIA STATEMENT OF ACCOUNTING RATIOS					
PARTICULARS	**2013**	**2012**	**2011**	**2010**	**2009**
Profit/(Loss) for the year(Including adjustment for prior period items) *	(16,318.27)	(13,447.53)	(11,727.6)6	(8,330.00)	(10,320.83)
Share capital	8,064,111.97	6,478,534.52	5,519,506.28	4,444,809.00	3,684,339.00
Reserve and Surplus	41,198.84	41,198.84	41,198.84	41,198.84	176,531.44
Total shareholders' funds	**8,105,310.81**	**6,519,733.36**	**5,560,705.12**	**4,486,007.84**	**3,860,870.44**
Return on Net Worth (%)*	**NA**	**NA**	**NA**	**NA**	**NA**
Short term Debt	1,681.79	3,753.65	26,831.06	37,363.55	34,173.67
Long term Debt	1,858,641.13	1,734,023.01	653,238.28	474,951.94	524,845.16
Total Debt	**1,860,322.92**	**1,737,776.66**	**680,069.34**	**512,315.49**	**559,018.83**
Debt Equity Ratio	**0.23**	**0.27**	**0.12**	**0.11**	**0.14**
EPS**	**NA**	**NA**	**NA**	**NA**	**NA**
Net asset value per equity share**	**NA**	**NA**	**NA**	**NA**	**NA**

* Net profit / Loss represent excess of expenditure over income which has been transferred to CWIP as per the accounting policy followed by NHAI. Accordingly these ratios cannot be computed.

** NHAI has not issued any share against Capital & Capital Grants invested by GOI(in persuance of NHAI Act),accordingly these ratios can not be computed.

The ratios have been computed as below:

Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

NATIONAL HIGHWAY AUTHORITY F INDIA

Annexure VIII

CAPITALISATION STATEMENT

As on 31.3.2013

PARTICULARS	Rs. In Lacs
Debt	
Short term	1,681.790
Long term	1,858,641.126
Total Debt	**1,860,322.91**
Shareholder's Funds	
Capital	
i) Capital u/s 12(i)(b) - Commencing Capital	
ii) Capital u/s 17	
a) Capital Base	80,100.00
b) Cess Fund	5,599,636.00
Add : Received during the Year	600,300.00
c) Additional Budgetary Support (NHDP)	259,701.00
d) Additional Budgetary Support (Others)	376,584.00
e) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618,355.88
f)Additional Budgetary Support (Plough back of Toll Remittance,etc.)	609,289.00
Less: 1) Expenditure on Toll Collection Activities (wef. 01.04.2010)	(34,248.57)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. 01.04.2010).	(45,605.35)
Total	**8,064,111.97**
Reserves & Surplus	**41,198.84**
Total Shareholder's Funds	**8,105,310.81**
Long term Debt/Equity Ratio(No. of times)=Long term Debt/Total Shareholder's Funds	0.23
Debt Capital Ratio (No. of times)= Total Debt/Total Shareholder's Funds	0.23

Annexure - IX

Auditor's Qualifications

2008-09

A. BALANCE SHEET

1. Reserves and Surplus (Schedule 2)

Capital Reserves- Rs. 135,333 Lacs

This represents negative grants received from the Concessionaries in Build, Operate and Transfer projects and the same are payable to Government of India, since the Authority is only an implementing agency of Government of India. Consequently, this has resulted in understatement of Current Liabilities- Payable to Government of India by Rs. 135,333 Lacs.

APPLICATION OF FUNDS

1. Current Assets, Loans and Advances (Schedule 7)

Deposits, Loans & Advances to Contractors/Consultants

Claims Recoverable- Rs. 17,380 Lacs

This is understated by Rs. 1986 Lacs due to non inclusion of (i) Rs. 1,006 Lacs on account of non deduction of "Building and Other Construction Workers Welfare Cess" promulgated by various State Governments from contractors and non- depositing the same with the respective State Governments (ii) Rs. 980 Lacs recoverable from concessionaire on account of toll sharing in respect of Corridor Management Unit, Manor. Consequently, Current Liabilities and provision is also understated by Rs. 1,986 Lacs.

B. Notes on Accounts(Schedule 19)

Contingent Liability

1. The above does not include seven claims amounting to Rs. 52,625 Lacs, resulting in understatement of Contingent Liability by Rs. 52,625 Lacs.

2. Authority acquired the 330.694 hectare land against 3D Gazette Notification during the year 2008-09 where the compensation of award is yet to be declared. This material fact was not disclosed by the way of a note.

3. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

Annexure to Audit report

Adequacy of Internal Control System

As per NHAI policy, Land Compensation amount should be deposited in an account jointly operated by Project Director, of the unit and concerned Competent Authority for Land Acquisition. This practice is not being followed in case of Competent Authority cum Land Acquisition officer for Purnea & Supaul Districts.

2009-10

A. BALANCE SHEET

APPLICATION OF FUNDS

1. Current Assets, Loans & Advances- (Schedule 7)

Deposits, Loans & Advances

Claims Recoverable- Rs. 18,047 lacs

(i) The above is overstated by Rs. 133 Lacs due to inclusion of interest on delayed payment of supervision and monitoring charges amounting to 133 Lacs recoverable from M/s SMS Shivnath Infrastructures Ltd. In respect of Durg Bypass project for the period upto 31.3.2010, which the NHAI has already waived off. Consequently, CWIP is overstated to the same extent.

(ii) This is understated by Rs. 5,978 Lacs due to non- inclusion of:

S.NO	Particulars	Rs. in Lacs
i)	Amount recoverable from contractors (PIU Jhansi Rs. 1,464 Lacs and PIU Lucknow Rs 1,694 Lacs) towards Labour Welfare Cess under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.	**3,158.00**
ii)	Amount of Toll Revenue short realized from concessionaires (PIU Jaipur Rs 1,427 Lacs and PIU Ambala Rs 1,240 Lacs) in contravention of provision of Concession Agreements.	**2,667.00**
iii)	Amount of negative grant recoverable from concessionaire due to change in scope.	**153.00**
	TOTAL	**5,978.00**

Consequently, Current Liabilities and Provisions are understated by Rs. 5,978 Lacs.

B. Significant Accounting Policies- Schedule 18

i) **Policy-4 Secured and Unsecured Loans**

The Authority has not disclosed the book value of the flat Rs 11.97 Lacs against which the funds raised by issuing Capital Gains Tax Exemption Bonds valuing Rs. 308,882 Lacs under section 54 EC of the Income Tax Act, 1961 have been secured.

ii) NHAI did not have any policy for Provision of doubtful debts and Loans & Advances.

C. Notes on Accounts- Schedule 19

i) Disclosure of arbitration claims of Rs. 947,156 Lacs vide Note No. 25 (i) is not correct in view of the following:-

a) It did not include contingent liabilities of 11,167 Lacs in three cases (M/s Patel Infrastructure Rs. 53 Lacs, M/s SPCL-IVRCL JV Rs 10,093 Lacs and M/s Navyug Engineering Company Limited Rs. 1,021 Lacs).

b) It is overstated by Rs 183,751 Lacs which pertains to subsidiaries (SPVs) of NHAI. as NHAI do not have any contractual liability for the projects entrusted to SPVs, the same is not required to be disclosed in the accounts of NHAI.

ii) Pursuant to the change in Accounting Policy No. 6 (iv), to show negative grant under Liabilities as per GOI instructions, the decrease in Reserve & Surpluses by Rs. 135,332 Lacs with corresponding increase in Liabilities payable to GOI being of material nature, should have been disclosed. However the Authority has not disclosed the same.

iii) Subject to our observations in preceding paragraphs, we report that Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of accounts.

ANNEXURE TO AUDIT REPORT

(a) **Inadequacy of Internal Control System**

(i) The guidelines of 3% mandatory checks before making payment of any running/ final bill were not followed in one of the PIU's (Basti).

(ii) The Monthly Interim Payment Certificates (IPCs) prepare by the contractor and scrutinized by the Supervision Consultant did not contain the period up to which the said IPCs relates, in the absence of which the value of work executed up to 31.03.2010 and extent of liability provided could not be ascertained (PIU Moradabad).

(b) **Inadequacy of IT systems in NHAI**

(i) The accounts at Headquarters are not consolidated through e-PFMS. Further out of 113 PIUs/ CMUs only 104 PIUs/CMUs were provided with e-PFMS software and dedicated systems, of which 9 were not using the system, though equipped with trained personnel.

(ii) There are no detailed schedules like Claims Recoverable, advance against deposit works.

(iii) There was also lack of validation checks in the system as the FDRs generated showed negative balances, negative period, zero days etc.

(c) **Irregularity in payment of statutory dues.**

During the test check, it was noticed that there were delays up to 44 days (in four PIUs) in depositing TDS against 7th day of the following month in which the same was deducted.

2010-11

D. BALANCE SHEET

(I) SOURCES OF FUNDS

Shareholder's Funds

Reserves & Surplus (Schedule-2)

Credit Balance of P& L Account- Rs. 41,199 Lacs

The above amount represents Agency Charges, recognized notionally for the period up to 31 March 2008 (Note No. 22 on Accounts refers) even though there is no sanction for agency charges from Government of India.

This has resulted in overstatement of Reserves & surplus as well as CWIP by Rs. 41,199 Lacs.

(II) APPLICATION OF FUNDS

Current Assets, Loans & Advances (Schedule-7): Rs. 598,033 Lacs

Deposits, Loans & Advances

(1) Claims Recoverable- Rs 29,665 Lacs

This is understated by Rs 3,347 Lacs due to non accounting of amount recoverable from contractors as per contract and from concessioners towards liquidated damages, penalty and interest on mobilization advance. This has also resulted in understatement of Current Liabilities by Rs. 1,889 Lacs and overstatement of CWIP by Rs. 1,458 Lacs.

(2) Advance against deposit works Rs 82,589 Lacs

The above is understated by Rs 2,135 Lacs due to capitalization of expenditure incurred on advances paid to various Government Departments for tree cutting, utility shifting, Rail Over Bridge work etc. without obtaining Utilization Certificates (UCs) from the respective departments in contravention of Accounting Policy No. 8. This has also resulted in overstatement of CWIP by Rs 2,135 Lacs.

(3) Recoverable on account of Eastern Peripheral Expressway- Rs 10,332 Lacs.

The above amount represent expenditure incurred on the Eastern Peripheral Expressway (Rs. 90,357 Lacs) over amount received from Government of India (Rs. 80,025 Lacs). This project was entrusted (March 2006) to NHAI on the orders of the Supreme Court of India. The details of the expenditure incurred and money received should have been disclosed separately but only the net recoverable amount has been disclosed under 'Deposit, Loans and Advances'.

(4) Current Liabilities and Provisions

Current Liabilities (Schedule 8)

Other Liabilities- Rs. 280,561 Lacs

4.1 This is understated by Rs. 85,621 Lacs due to non provision of:

	(Rs in Lacs)
a) Liability against demands raised by Competent Authorities under Land Acquisition for compensation to be paid to land owners in respect of land acquired by the Authority	81,345
b) Liability on account of work executed under change in scope.	1,967
c) Liability for civil works executed by the contractors	703
d) Liability in respect of annuity accrued but not due	1, 062

e) Liability in respect of amount withheld against works Executed by the contractors 544

This has also resulted in understatement of CWIP by Rs. 85,584 Lacs and overstatement of capital by Rs 37 Lacs.

4.2 This includes Rs 185 Lacs in respect of annuity payable for the period from 1 April 2011 to 26 April 2011 and has resulted in overstatement of Current Liabilities and CWIP by the same amount.

B. Significant Accounting Policies (Schedule-18)

(1) According to the Accounting Policy at serial no 3 (iii) "Interest earned on unutilized Capital Grant is credited to Capital Grants Account". However, the authority has not followed the accounting policy and unutilized funds received as Capital Grant for Externally Aided Projects were kept in banks along with other funds received from GOI and interest earned thereon was neither segregated nor accounted for as Capital Grant.

(2) NHAI did not have any policy for provisions of bad and doubtful debts and advances.

C. Notes on Accounts (Schedule-19)

Note No. 25

Contingent Liabilities amounting to Rs. 1,021,913.5 Lacs

(a) The above is overstated by Rs. 205,661 Lacs due to inclusion of contingent liabilities of subsidiaries (SPVs) of the authority despite a comment in this regard on the accounts for the year 2009-10.

(b) This is understated by Rs 141,892 Lacs due to non- inclusion of claims against the Authority in arbitration and legal cases.

D. General

(4) Pending capitalization/ transfer of completed projects, the Authority has neither disclosed classification of fixed assets nor provided depreciation on completed projects amounting to Rs. 4,131,644 Lacs (including Rs 432,174 Lacs in respect of BOT Annuity projects and Rs 143,557 Lacs in respect of BOT Toll projects, Note 19 and Note below Schedule 5 refers) in contravention of Accounting Standard 6. In the absence of capitalization, impact of the above on financial position is not ascertainable.

(5) Borrowings included secured loans of Rs. 494,425 Lacs in respect of Capital Gain Tax Free Bonds secured against a flat at Ahmedabad with book value of Rs 11.97 lacs. The security is inadequate considering the amount of loan and value of the flat (Note 11 refers).

(6) Liability for Gratuity and Leave Encashment are provided as per rules of the Authority instead of as per Acturial Valuation as per Accounting Standard 15 (Note 14 refers).

(7) Subject to our observations in the preceding paragraphs, we report that balance sheet and profit and loss account dealt with by this report are in agreement with books of accounts.

Annexure- to Audit Report

(I) Internal Audit System

The internal audit of the Authority has been outsourced to external Chartered Accountant firms. However, the scope of Internal Auditors only includes audit of all transaction and Accounting Entries in respect of Efficacy of Operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.

(2) Internal Control System

The Internal Control System needs to be strengthened in view of the following:

(a) According to the provisions of concession agreement wherever a grant has been provided, the Authority has a right to appoint a firm of Chartered Accountants as Concurrent Auditor of the concessionaire during the construction period. However, the Authority has not exercised this contractual right. This needs to be done in the interest of better control.

(b) The authority needs to improve its monitoring of utilization certificates and ensuring refund of balance money, if any, in respect of deposit work awarded to various government agencies where utilization certificates have not been received.

(c) System of obtaining confirmation of balance in respect of Deposits, Loans and Advances in the Authority including PIU's was inadequate.

(3) System of Physical verification of Fixed Assets

(a) Physical verification of Fixed Assetswas not conducted properly and/or Physical Verification Report was not prepared properly in five of the 33 PIUs covered in Audit.

(b) Fixed Assets register were not maintained or were deficient in four of the 33 PIUs covered in Audit.

(4) System of Physical verification of Inventory

There is no Inventory.

(5) Regularity in Payment of Statutory Dues.

During test check, it was noticed that there were delays of less than a month in depositing TDS in two of the 33 PIUs covered in Audit.

(6) Adequacy of IT Systems.

Out of 144 PIUs / CMUs, 26 PIUs were not using e-PFMS software and dedicated system.

2011-12

(A) BALANCESHEET

(I) SOURCES OF FUNDS

(1) Shareholders 'Fund - Reserves & Surplus (Schedule2)

Credit Balance of P&L Account· Rs. 411.99 crore

The above amount represents Agency Charges, recognized notionally for the period upto31st March 2008 (Note No. 23 of Notes on Accounts). Since agency charges were notional (neither recovered nor recoverable), depicting the same under Reserves & Surplus gives a misleading state of affairs of NHAI. This has resulted in overstatement of Reserves & Surplus as well as CWIP by Rs. 411.99 crore. This issue was also raised during 2010-11; however, no corrective action has been taken.

(II) **APPLICATION OF FUNDS**

(1) Current Assets, Loans and Advances (Schedule 7) Deposits, Loans and Advances

(1.1) Claims Recoverable- Rs. 415.76crore.

This is understated by Rs. 138.45 crore due to:

(Rs. in crore)

	Non-accounting of amount recoverable from contractors I concessionaires as per agreement, towards revenue sharing, penalty for delay in financial closure, share of remuneration of Independent Consultants, Workers Welfare CessFund, Toll Feesand intereston subordinate loan	46.53
	Non-booking of interest earned on the amount in joint bank account with Competent Authority ofLand Acquisition	91.92
	Total	**138.45**

This has also resulted in overstatement of CWIP by Rs. 96.21 crore and understatement of Current Liabilities by Rs. 42.24 crore.

(1.2) Advance against deposit works- Rs. 664.70crore

(a) This is understated by Rs. 10.08 crore due to accounting of an amount of Rs. 10.08 crore under CWIP without obtaining Utilization certificates (UCs) from various government departments I agencies and consequent overstatement of 'CWIP' by Rs. 10.08 crore.

(b) This is overstated by Rs. 13.11 crore due to non-accounting of advances given to various Government Departments /Agencies under CWIP as per the Accounting Policy No. 8. Consequently, CWIP is alsounderstated tothe same extent.

(1.3) Advance Others including Advance Income Tax (TDS)- Rs. 108.04crore

Above has been understated by Rs. 0.42 crore due to booking of the amount deposited with the Supreme Court, on the orders of the Delhi High Court as a pre-requisite for stay in the case, as CWIP instead of Advance Others. This has resulted in overstatement of CWIP by Rs. 0.42 crore.

(2)Current Liabilities & Provisions

Current Liabilities

(2.1) Other Liabilities- Rs. 4,284.84 crore

This is understated by Rs. 2,265.90 crore due to non/ short provision of liability on account of:

(Rs.in Crores)

	Demands raised by CALA for compensation in respect of land acquired	2,043.14
	Positive grant payable to M/s Baharampore Farakka Highways Ltd.	131.84
	Payable to contractors /concessionaires / consultants in respect of works got done but payments withheld for want of approval of Competent Authority for extension of time/variation In work.	24.64
	Payable to contractors/ concessionaires/ consultants In respect of Construction work done and certified	29.00
	Payable to contractors / concessionaires / consultants in respect of projects under operation	1.23

	Payable to Defence Authority with respect to land acquisition	18.50
	Service tax payable on brokerage payable to the Lead Managers In respect of Public Issue of Tax Free Bonds of Rs.10,000 crore	10.69
	Proportionate semi-annuity accrued to be paid to concessionaires	3.05
	Payable to Government of India en account of negative change of scope recovered from concessionaire	2.69
	Interest payable to Asian Development Bank towards loan taken for Surat Manor Tollway project	0.62
	Payable to the concessionaire in respect of deposit work got carried out by NHAI through the Concessionaire for PWD, Panchkula	0.50
	TOTAL	**2265.90**

This has also resulted in understatement of CWIP by Rs. 2,263.96 crore, Claims Recoverable by Rs. 0.71 crore and overstatement 0f capital u/s 17 by Rs. 1.23 crore.

(2.2) Un- utilised Grant- Rs. 38.46 crore

Above represents balance amount lying with NHAI against Advance for Deposit Works for National Highways other than NHDP, received from GOI as one time measure, which should have been booked under the head 'Deposits held on account of

This has resulted in understatement of 'Deposits held on account of others' and overstatement of 'Un-utilised Grant by Rs 36.46 crore.

(B) Notes on Accounts (Schedule 19)

(1) Contingent Liabilities- Rs. 10,187.31 crore

Note No.25 (ii)

Above is understated by Rs. 669.64 crore due to non-inclusion of claims against the Authority in arbitration and legal cases.

(2) As per 'Statement by the Members of the Board' under the heading Other Regulatory and Statutory Disclosures' given in the Prospectus for issue of Tax Free Secured Redeemable Non Convertible Bonds Rs. 10,000 crore) issued during 2011-12, the Balance Sheet of NHAI shall disclose:

i) Details of all the monies utilized out of the funds of the Bonds, under an appropriate separate head indicating the purpose for which such monies were utilized ; and

ii) Details of all unutilized monies out of the funds of the Bonds, under an appropriate separate head indicating the form in such unutilized monies have been invested.

However, neither details of the funds utilized to the tune of Rs. 1,000 crore nor details of the untilized amount of Rs. 9,000 crore of the funds kept in various banks as FDRs (as on 31.03.2012) have been disclosed in the Balance Sheet, violatingthe statutory obligation.

(3) Current Liabilities (Schedule 8) include amount Payable to GOI (up to 31.03.2010) on account to Toll Collection, Grant for Maintenance of highways, and Negative Grant received aggregating to Rs. 6,183.56 crore. These funds have already been utilized by NHAI for development and maintenance of National Highways and were not available for deposit in Consolidated Fund of India. The matter is under consideration (to be placed before the Board of NHAI) for getting the liability converted as Capital through book transfer with approval of the Competent Authority. This being a material fact should have been disclosed in the Notes on Accounts, but the same has not been done.

(4) Note No. 13 of Notes on Accounts (Schedule 19) is deficient as the fact of rejection of the claim Rs. 100.47crore) of NHAI by the Hon'ble Arbitral Tribunal in its award dated 16.04.2010 being barred by limitation period and on other

grounds and that the contractor has filed a case in Hon'ble Delhi HighCourt have not been disclosed.

(C)General

(1) Pending capitalization / transfer of completed projects, the Authority has neither disclosed classification of fixed assets nor provided depreciation on completed projects amounting to Rs. 49,813.50 crore including Rs.6,272.89 crore in respect of BOT Annuity projects (Note 1 9 refers) and Rs. 2,147.67 crore in respect of BOT Toll Projects (Note below Schedule 5 refers) in contravention of Accounting Standard 6. In the absence of capitalization, impact of the above on financial position is not ascertainable.

(2) Borrowings included secured loans of Rs 5,825.25 crore in respect of Capital Gain Tax Free Bonds secured against a flat at Ahmedabad wi1tl book value of 11.97 lakh. The security is Inadequate considering the amount of loan and value of the flat (Note11 refers).

(3) **Corrections carried out at the instance of Audit**

On the basis of observations of Audit the Management carried out corrections In the accounts to the extent of Rs. 1310 Crore as detailed below:

(Rs. in crores)

S.no	**Particulars**	**Inter Head**		**Intra Head**	
		Debit	**Credit**	**Debit**	**Credit**
1	Asset	976.65	81.52	333.35	333.35
2	Liability		895.13		
	Total	**976.65**	**976.65**	**333.35**	**333.35**

Annexure- to Audit Report

(I) Internal Audit System

The internal audit of the Authority has been outsourced to external Chartered Accountant firms. However, the scope of Internal Auditors only includes audit of all transaction and Accounting Entries in respect of Efficacy of Operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.

(2) Internal Control System

The Internal Control System needs to be strengthened in view of the following:

(a) According to the provisions of concession agreement wherever a grant has been provided, the Authority has a right to appoint a firm of Chartered Accountants as Concurrent Auditor of the concessionaire during the construction period. However, the Authority has not exercised this contractual right. This needs to be done in the interest of better control.

(b) Utilisation certificates on account of utility shifting have been pending to be obtained from various Govt. Departments. / Agencies / Private Contractors though most of the works have already been done and some projects have already been completed.

(c) Advances were paid to the Contractors / Consultants – Mobilisation & Material Advance (Rs. 392.33 crores), Advance against Deposit Works (Rs. 664.70 crore), Advance for Maintenance of Highways (Rs. 162.51 crore), Advances to Suppliers (Rs. 3.85 crores). The system of obtaining balance confirmation does not exist.

(d) Price indices were not frozen on the scheduled date of completion resulting in excess payment of escalation / price adjustment made to contractors pending approval of extension of time. This was violation of the contractual provisions.

(3) System of Physical verification of Fixed Assets

(a) Fixed Asset Registers were not maintained or were deficient (not updated, closed, verified, location of assets not shown, and ID marks not mentioned etc.) and physical verification of Fixed Assets was not conducted properly and/or Physical Verification Report was not prepared properly in 10 PIUs covered in Audit.

(4) System of Physical verification of Inventory

There is no Inventory.

(5) Regularity in Payment of Statutory Dues.

During test check, it was noticed that there were delays ranging from 3-114 days in depositing TDS in four (Ahmedabad, Nashik, Pandhurna and Surat) of 44 PIUs covered in Audit.

(6) Adequacy of IT Systems.

Out of 120 PIUs / CMUs, 10 PIUs were not using e-PFMS software and dedicated system.

2012-13

(i) The balance sheet and profit and Loss Account delat with by this report have been drawn up in the format approved by the Govt. of India under Section 34 (2) (g) of the NHAI Act, 1988 and Rule 6(1) (b) of NHAI Rules 1990 except for the deficiencies mentioned in para (C) (3) of this audit report.

B. BALANCE SHEET

(I) SOURCES OF FUNDS

Shareholder's Funds

Capital-Net off Toll collection, Negative Grant etc.
Upto 31-3-10: Rs. 6,183.56 crore

The above amount represents current liability towards 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to Go!upto 31.03.2010' which the NHAI has transferred during the year to Capital u/s 17 Account without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways.

The Management has replied that:

1. The approval for conversion of amount of 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to GOI upto 3!.03.2010' to the 'Capital' was given by the Board which had representatives from the Ministry of Finance as well as Ministry of Road Transport & Highways,

2. The fact of transfer of the above amount from liability to capital has been disclosed vide Note at serial number 9 of Notes on Accounts.

The contention of the Management is not acceptable as participation of Government nominees in the Board meeting cannot be construed as Government's approval to a decision. In the instant case specific approval I consent of Government of India for the above conversion has not been obtained by NHAI so far. In view of the above position the disclosure made vide Note 9 in Notes on Accounts is deficient as it did not disclose the fact that the NHAI has not obtained specific approval of the GOI.

This has resulted into overstatement of 'Capital - Net off Toll collection, Negative Grant etc. upto 31.3.2010 by Rs. 6,183.56 crore and understatement of 'Toll Receipts, Maintenance Expenditure over Grant etc. -Payable to GOI upto 31.03.2010 Account' to the same extent.

(1.2) Reserves &Surplus (Schedule 2)
Credit Balance of P&L Account- Rs. 411.99 crore

The above amount represents Agency Charges, recognized notionally for the period upto 31 March 2008. Since agency charges were notional (neither recovered nor recoverable), depicting the same under Reserves & Surplus gives a misleading state of affairs of the Authority. This has resulted in overstatement of Reserves & Surplus as well as CWIP by rs. 411.99 crore. This issue was also raised during 2010-11 and 2011-12; however, no corrective action has been taken.

(II)APPLICATION OF FUNDS

(1) Fixed Assets (Schedule-5): Rs. 106,470.01 crore

(1.1)The Authority has not capitalised any road project expenditure since it became operational in 1995. Consequently, the Authority has also not charged depreciation on completed road projects as per the provisions of Accounting Standard-6. Due to such non capitalization, expenditure of Rs. 69,280.44 crore incurred by the Authority on creation of the assets i.e. National Highways which are already completed and are being used by the general public is getting recorded in the balance sheet under the head 'Expenditure on completed projects awaiting capitalization/transfer'. The management in its reply to the Para No.(C)(l)-General of last year's Audit Report stated that these assets are held by the Authority as the executing agency on behalf of Central Government and since regular maintenance is provided for Highways, hence no depreciation is required to be charged. The reply of the management is not tenable as the Authority itself vide Note No.11 disclosed that public issue of tax free bonds are secured against first *pari passu* charge on fixed assets of NHAI being highway projects comprising all the super structures. Further as per the requirement of Accounting Standard - 6, the depreciable amount of a depreciable asset should be allocated on a systematic basis to each accounting period during the useful life of the asset.

At the end of March, 2013, the authority has 238 completed projects (218 EPC & 20 BOT annuity) and toll is being collected on 224 stretches. Thus non provision of depreciation on completed and put to use assets is not in order and is in contravention of Accounting Standard -6. While the written down value as on date is not available (i.e. the net value of the assets after charging depreciation at the appropriate rate from the date of completion of the Road Project), the depreciation on the gross value of the assets, calculated at the rate of 5 per cent p. a., works out to Rs. 3,116.32 crore for the current year. Similarly on the basis of figure of gross value of the assets, the amount of depreciation for the previous four years has been worked out at Rs. 6,954.04 crore. The total amount of depreciation which has remained to be charged from the date the asset was entitled to be capitalized could not be worked out in the absence of details such as date of completion, amount booked for each project etc. As such, in the absence of detailed records, audit is unable to quantify the amount by which the assets are overstated and loss for the year understated

(1.2)(a) The Authority did not maintain any records in respect of allocation and utilization of project-wise borrowed funds for determination of project-wise borrowing cost and project-wise interest earned on the unutilized borrowed funds allocated to a particular project as per the provisions of Para 6 to 10 of Accounting Standard- 16. In contravention of these provisions, the total borrowing cost of Rs. 5,894.66 crore and interest earned on unutilized funds of Rs. 5,419.32 crore is merely adjusted in Fixed Assets. Since from the very beginning the Authority does not maintain any records in respect of allocation and utilization of project-wise borrowed funds for determination of project-wise borrowing cost and project-wise interest earned on the unutilized borrowing fund allocated to a particular project, the borrowing costs that directly relate to that qualifying assets and consequent excess capitalization, if any, cannot be readily identified.

(b)The borrowing cost of Rs. 1,331.59 crore for the year 2012-13 includes Rs. 865.54 crore booked under 'Expenditure on Completed Projects Awaiting Capitalization/Transfer' in contravention of Accounting Standard - 16 as well as the Accounting Policy No. 6.1 of the Authority, which states that all capital expenditure incurred till the completion of the projects is shown as 'Capital work-in-progress'. This has resulted in overstatement of 'Fixed assets - Expenditure. on completed projects awaiting. Capitalization/transfer' by Rs. 865.54 crore and understatement of 'Finance Charges' and loss for ·the year to the same extent. In the absence of details for previous years, Audit has been unable to quantify the total amount of such borrowing costs incorrectly booked to the above head.

2) **Expenditure on completed projects awaiting Capitalization/ transfer (Schedule-5): Rs. 69,280.44 crore**

The above includes an amount of Rs. 4,493.96 crore incurred by NHAI on 11road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to six lanes on BOT basis. Thus 'Expenditure on completed projects awaiting transfer' is overstated to the extent of Rs. 4,493.96 crore.

(3) **Net Establishment Expenses for the year transferred to CWIP (from P&L A/c) (Schedule-5): Rs. 163.18 crore**

The above includes establishment expenditure amounting to Rs. 106.07 crore allocated to the head' Expenditure on completed projects awaiting transfer' during the year 2012-13. As this is revenue expenditure, it should not have been appropriated to completed projects. This is in violation of Accounting Standard – I0.

(4) **Interest on Unutilized Capital (Schedule-5): Rs. 419.32 crore**

Above includes interest accrued of Rs. 124.44 crore (including TDS) during the year [upto previous year Rs. 358.32 crore (excluding TDS)] on the loan disbursed to 11 subsidiary companies, which has been deducted from CWIP. This interest accrued on loan given to subsidiary companies should have been shown as income in P&L Account and not reduced from CWIP. This has resulted in understatement of 'Capital work-in-progress' by Rs. 482.76 crore and overstatement of loss for the year by Rs. 124.44 crore and consequent understatement of 'Surplus carried to the Balance Sheet' by Rs. 482.76 crore.

(5) **Investments (Schedule-6): Rs. 1,198.47 crore**

The above includes investment in two subsidiary companies, viz., Mls Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway Company Ltd., of Rs. 345.21 crore, wherein the road project and toll collection right have been transferred in December 2010 and January 2013, respectively, to Concessionaires for upgradation. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. Hence there is an overstatement of investment and understatement of loss for the year to the extent of Rs. 345.21 crore.

In addition to above, investment of Rs. 213.50 crore made in three subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd. & Paradip Port Road Company Ltd., has diminished in its value due to accumulated losses, which resulted in erosion of more than 50 per cent of their net worth. A suitable provision should have been made in the books of accounts as per Accounting Standard - 13 after determining the decline in value. The extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit in absence of such determination by the Authority.

The issues detailed above in paragraph Nos. A (11), (1.1), (1.2) and (5) constitute multiple uncertainties, the financial effect of which cannot be quantified.

(6) **Current Assets, Loans and Advances (Schedule 7) Deposits, Loans and Advances**
(6.1)Advance against deposit works: Rs. 531.01 crore

This is overstated by Rs. 51.61 crore on account of advances given to Railways for construction of ROB and concessionaire for change of scope of work. The work has been completed, however, the same has been shown as advance. Consequently, CWIP is also understated to the same extent.

(6.2) **Claims Recoverable: Rs. 623.97 crore**

This is understated by Rs. 6.72 crore due to non-accounting of amount recoverable from contractors/concessionaires as per agreement, damages for delay in achievement of commercial operation date, share of remuneration of Independent Consultants, differential toll charges and recoverable on account of scrap/variation in rates. This has resulted in overstatement of CWIP by Rs. 2.60 crore and understatement of 'Current Liabilities-payable to GOI Rs. 4.12 crore.

(6.3) **Loan to Subsidiary Companies: Rs. 1,380.54 crore**

Reference is invited to Comment No. A(II)(6). In view of road project and toll collection right been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs. 67.62 crore given to these two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway Company Ltd. In the absence of provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 67.62 crore and loss for the year is understated to the same extent.

(7) **Current Liabilities & Provisions**
Current Liabilities (Schedule 8)

Other Liabilities Rs. 4,729.52 crore

This is understated by Rs.1,649.89 crore due to non/short provision of liability on account of :

(in crore)

A.	Demand raised by CALA for compensation in respect of land acquisition	1,414.23
B.	Proportionate semi-annuity accrued to be paid to concessionaire	113.33
C.	Payable to contractors/concessionaires/consultants in respect of construction work done and certified	50.40
D.	Positive/O&M grant payable to concessionaires	42.29
E.	Payable To Defence Authority with respect to Land Acquisition	22.06
F.	Pavable to Concessionaire on account of positive change of scope	6.77
G.	Payable to contractors/concessionaires/consultants in respect of works got done but payments withheld for want of approval of Competent Authority for extension of time.	0.65
H.	Court fee relating to the M/s ITD cementation	0.16
I.	**TOTAL**	**1,649.89**

This has also resulted in understatement of CWIP by Rs. 1,649.04 crore and expenditure on maintenance of Highways by Rs. 0.85 crore

(B) Notes on Accounts
(1) Contingent Liabilities Note No 25 (ii) Rs. 14,002.59 crore

(1.1) Above is understated by 1074.56 crore due to non-inclusion of claims against the Authority in arbitration and legal cases.

(1.2) Contingent liabilities are understated to the extent of 90 per cent of debts due as on31.3.2013 given to the concessionaire by the commercial banks. The amount of debts is secured under the provisions of termination clause of concession agreements as per the guidelines of the RBI. In the absence of details, audit is unable to quantify the amount of contingent liabilities

(1.3) The Authority did not disclose the amount of 'Capital works remaining to be executed' as on 31.03.2013

(2.) As per Accounting Standard – 5, the change in accounting policy and the impact of the change in Accounting Policy along with the adjustments resulting there from, if any, has to be disclosed in the Notes on Accounts. During the year the Authority has changed its Accounting Policy No. 6 on fixed assets and depreciation. However, as the Authority has not capitalized the completed road projects and no depreciation is being charged on such assets, as such, the fact that the effect of change in Accounting Policy is not ascertainable should have been di.sclosed in the Notes on Accounts.

(C)General

(1) The Authority vide Note No. 26 (a) of Notes on Accounts has stated that Accounting Standards issued by the ICAI (except for AS 15, 17 and 21) have generally been followed. However, as brought out in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the institute of Chartered Accountants Of India.

(2) Note No. 26 (f) of Notes on Accounts discloses that *"All receipts of NHAJ viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54·EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilisation of NHAI Bond collection proceeds.*

The above disclosure is contradictory to the regulatory and statutory disclosures made by the Members of the Board of NHAI under heading 'Other Regulatory and Statutory Disclosures' of the Prospectus for issue of Tax Free Secured Redeemable Non Convertible Bonds Rs. 10,000 crore) issued during 2011·12.

As committed in the Prospectus for issue of Bonds of Rs. 1 0,000 crores, the NHAI should have disclosed in the Balance Sheet the details of the funds of NHAI Bond collection proceeds utilized as well as unutilized for better understanding of the accounts to the readers and the stakeholders. The above disclosure is therefore deficient to the above extent.

(3) The Authority being a body corporate is to act on 'Business Principles' as per clause 2 and 10 of NHAI Act 1988. As per NHAI Rules 1990 and the format of annual statement of accounts approved by the Government of India in consultation with C&AG of India, in the Schedule 5 (Fixed Assets) one of the sub.heads is 'Roads & Bridges' for which prescribed rate of depreciation is 5 *per cent,* however, this sub·head is left blank since inception inspite of completed road projects of Rs. 69,280.44 crore as on 31 March 2013 and the same are depicted under the head CWIP (Expenditure on completed projects awaiting capitalization/transfer) and no depreciation is provided even after the completion of the road projects, which is not in consonance with the approved format. The approved format also provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet, however, the Authority is allocating the deficit in the Profit & Loss Account at the year end to the ongoing and completed projects booked under 'Fixed Assets - CWIP'. Further, as per the format, the Grant·in·aid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account, however, the Authority is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.). Thus, the Authority is not following the approved format of 'Annual Statement of Accounts'. Resultantly, the Profit and Loss Account / Financial Statements do not disclose the income or expenditure of the Authority in full measure.

(4) **Corrections carried out at the instance of Audit**

On the basis of observation of Audit the management carried out corrections in the accounts to the extent of Rs. 79.24 crore as detailed below:

S.no	**Particulars**	**Inter Head**		**Intra Head**	
		Debit	**Credit**	**Debit**	**Credit**
1	Asset	68.98	22	1.23	1.23
2	Liability	9.03	56.01	-	-
	Total	**78.01**	**78.01**	**1.23**	**1.23**

Contingent liabilities of 625.78 crore booked at the instance of Audit

Annexure to the Audit Report

1) Internal Audit System

The Internal Audit of the Authority has been outsourced to chartered accountants firms. However, the scope of Internal Auditors includes only audit of all transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.

2) **Internal Control System**

Internal Control system needs to be strengthened in view of the following:

a) Utilization Certificates of 153.20 crore on account of utility shifting/maintenance of highways etc. yet to be obtained from various Government Departments/Agencies though most of the works have already been done and some projects have already been completed.

b) Advances were paid to Contractors/ Consultants - Mobilization & Material Advance Rs. 267.98 crore), Advance against deposit works Rs. 531.01 crore), Advance for maintenance of highways (Rs. 166.39 crore) and Advances to Suppliers Rs. 1.89 crore). The system of obtaining balance confirmation certificates does not exist.

c) Amount of Rs. 25.48 crore lying un-reconciled for more than 2 year under the heads of mobilization advances, deposit work, withheld amount, inter unit transfer and claims recoverable.

d) Price indices were not frozen on the scheduled date of completion resulting in excess payment of escalation/price adjustment made to contractors pending approval of Extension of Time. This was in violation of contractual provisions.

e) As per NHAI instructions, land compensation funds should be deposited with PSU banks, whereas in two PIUs funds of Rs. 55.56 crore kept in private banks as on 31.3.2013.

t) An advance of Rs. 6.72 lakh was given to a NGO in March 2007 for rehabilitation of poor people residing on NH-28, but no details of the NGO was available with the PIU. The amount is still showing under the head of advance against deposit work.

g) Reference is invited to Note no. 20 (b) of the Notes on account (Schedule 19), wherein it is stated that during the year 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. Though it was stated that the matter was being pursued regularly for recovery, however, no correspondence in support of the contention was shown/produced to Audit.

h) Concessionaires had not deposited Rs. 14.66 crore on account of labour welfare cess of BOT projects in two PIU's.

i) A PIU had kept a fund of Rs. 1.99 crores received for Deposit work in the fixed deposit with bank. The fund kept in FDR is violation of NHAI instruction. This fund should have been remitted to NHAI headquarters office on the same day. Further interest of Rs. 190 lacs earned on FDR has not been accounted for in the books of accounts.

3) System of Physical Verification of Fixed Assets

Fixed Asset Registers were not maintained or were deficient (not updated, closed, verified, location of assets not shown, and ID marks not mentioned etc.) and physical verification of Fixed Assets was not conducted properly and/or Physical Verification Report was not prepared properly in 10 PIUs covered in Audit.

(4) System of Physical verification of Inventory

There is no Inventory.

(5) Regularity in Payment of Statutory Dues.

During test check, it was noticed that there were delays ranging from 2- 335 days in depositing TDS in four (Ahmedabad, Nashik, Pandhurna and Surat) of 51 PIUs covered in Audit.

(6) Adequacy of IT Systems.

Out of 129 PIUs / CMUs, 2 PIUs were not using e-PFMS software and dedicated system.

APPENDIX II

FINANCIAL INFORMATION OF SUBSIDIARIES

Sno.	Name of Subsidiary
1.	Ahmedabad Vadodara Expressway Company Limited
2.	Calcutta Haldia Port Road Company Limited
3.	Cochin Port Road Company Limited
4.	Mumbai-JNPT Port Road Company Limited
5.	Moradabad Toll Road Company Limited
6.	Mormugao Port Road Company Limited
7.	New Mangalore Port Road Company Limited
8.	Paradip Port Road Company Limited
9.	Tuticorin Port Road Company Limited
10.	Vishakhapatnam Port Road Company Limited

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Ahmedabad Vadodara Expressway Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	R.K.J.K Khanna & Co.
2011-12	R.K.J.K Khanna & Co.
2010-11	R.K.J.K Khanna & Co.
2009-10	R.K.J.K Khanna & Co.
2008-09	Agrawal Anil & Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document”) of the Authority, are the responsibility of the company’s management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. Auditor’s Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company’s audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have examined the attached ‘Reformatted Statements of Assets and Liabilities’ of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ‘Reformatted Statement of Profit and Loss’ of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and ‘Reformatted Cash Flow Statement’ of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **‘Reformatted Financial Statements’**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in “Rs. in Lacs” for the convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into “Rs. in Lacs”.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. Attention is drawn to the following:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted

Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-1
(Rs. In lacs)

S.no	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
I.	**EQUITY AND LIABILITIES**						
1	**Shareholders' funds**						
	(a) Share capital	**2**	31,285.00	31,285.00	31,285.00	31,285.00	31,285.00
	(b) Reserves and surplus	**3**	(30,172.00)	3,570.87	(1,408.95)	(5,040.06)	(7,056.63)
			1,113.00	**34,855.87**	**29,876.05**	**26,244.94**	**24,228.37**
2	**Non-current liabilities**						
	(a) Long-term borrowings	**4**	472.04	8,377.47	14,632.53	23,096.00	26,673.93
	(b) Deferred Tax Liabilities (net)	**9**	-	306.60	-		-
			472.04	**8,684.07**	**14,632.53**	**23,096.00**	**26,673.93**
3	**Current liabilities**						
	(a) Trade payables	**5**	524.56	343.05	364.16	394.03	274.81
	(b) Other current liabilities	**6**	1,809.89	2,511.89	4,254.00	2,779.88	4,114.22
	(c) Short-term provisions	**7**	16.40	14.90	11.90	101.75	5.94
			2,350.85	**2,869.83**	**4,630.06**	**3,275.65**	**4,394.97**
	TOTAL		**3,935.89**	**46,409.77**	**49,138.64**	**52,616.59**	**55,297.27**
II.	**ASSETS**						
1	**Non-current assets**						
	(a) Fixed assets						
	(i) Tangible assets	**8**	0.89	44,985.22	47,847.24	50,834.51	53,716.88
	(ii) Intangible Assets	**8**	-	0.11	0.34	0.67	1.14
	(iii) Capital work-in-progress	**8**	-	44.29	44.29	44.29	44.29
	(b) Long-term loans and advances	**10**	2,017.20	263.87	387.98	384.55	338.86
			2,018.09	**45,293.49**	**48,279.86**	**51,264.02**	**54,101.17**
2	**Current assets**						
	(a) Trade receivables	**11**	-	231.22	62.39	-	-
	(b) Cash and cash equivalents	**12**	1,913.30	884.53	767.41	1,323.10	1,163.60
	(c) Other current assets	**13**	4.49	0.52	28.98	29.86	32.50
			1,917.79	**1,116.28**	**858.79**	**1,352.96**	**1,196.09**
	TOTAL		**3,935.89**	**46,409.77**	**49,138.65**	**52,616.79**	**55,297.26**

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-II
(Rs. In lacs)

S.no	Particulars	Note No.	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
1.	**INCOME**						
	Revenue from Operations	**14**	12,793.62	13,728.11	11,576.91	9,381.14	8,653.30
	Other Income	**15**	305.88	118.95	61.87	118.57	153.76
	Total Revenue		**13,099.50**	**13,847.06**	**11,638.78**	**9,499.71**	**8,807.06**
2.	**EXPENSES**						
	Operating Expense	**16**	1,447.33	1,400.45	1,977.35	2,783.82	1,523.06
	Employee Benefits Expense	**17**	19.39	32.15	30.30	26.28	20.15
	Finance Costs	**18**	385.26	2,735.64	2,088.71	1,189.56	2,520.19
	Depreciation and Amortization expense	**8**	2,247.79	2,996.47	2,988.41	2,988.67	2,983.15
	Other Expenses	**19**	28.60	49.88	39.30	28.27	35.19
	Total Expenses		**4,128.37**	**7,214.58**	**7,124.08**	**7,016.60**	**7,081.74**
3.	**Profit before Prior Period items and Exceptional items**		8,971.13	6,632.48	4,514.71	2,483.11	1,725.32
4.	Prior Period Items	**20**	(84.15)	(23.82)	20.25	(24.73)	57.28
5.	Exceptional items	**21**	42,879.71	-	-	-	-
6.	**Profit / (Loss) Before Tax**		(33,992.73)	6,608.66	4,534.96	2,458.38	1,782.60
7.	**Tax Expense**						
	Current tax expense for current year		-	(1,322.24)	(903.84)	(441.81)	(61.00)
	Deferred tax (Expense) / Income		306.60	(306.60)			
	Tax adjustment for earlier years		(56.74)	-			
	FBT						(0.37)
	Income Tax Penalty						(173.51)
	Int on Delayed Deposit of Income Tax						(6.47)
8.	**Profit (Loss) for the year**		**(33,742.87)**	**4,979.82**	**3,631.12**	**2,016.57**	**1,541.26**
9.	**Earning per equity share:**						
	Basic & Diluted		(10.79)	1.59	1.16	0.64	0.49

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In lacs)

S.no	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012	For the year ended 31.03.2011	For the year ended 31.03.2010	For the year ended 31.03.2009
A)	**CASHFLOW FROM OPERATING ACTIVITIES**					
	Net Profit Before Tax as per Profit and Loss account	8,971.13	6,632.48	4,514.71	2,483.11	1,725.32
	Adjusted for:					
	Depreciation / Amortization	2,247.79	2,996.47	2,988.41	2,988.67	2,983.15
	Interest Income	(108.87)	(86.16)	(51.91)	(51.03)	(108.22)
	Interest Expense	385.21	2,735.62	2,088.68	1,189.53	2,520.15
	Provision for Gratuity	0.88	0.99	0.91	1.35	0.72
	Extra ordinary items	(42,879.71)				
	Provision for Leave encashment	1.52	2.14	2.08	2.53	1.47
	Operating Profit before working capital changes	**(31,382.05)**	**12,281.53**	**9,542.87**	**6,614.16**	**7,122.57**
	Adjusted for:					
	Decrease/ (increase) in Trade Receivables	231.22	(168.83)	(62.39)	-	-
	Decrease/ (increase) in Deferred tax asset	(306.60)	306.60			
	Decrease/ (increase) in Loan - Advances & Current asset	(1,757.30)	152.58	(2.55)	(43.06)	538.25
	Increase/(Decrease) in Trade Payables / Other liabilities & provisions	1,482.11	(2,067.23)	1,605.31	(1,274.01)	(663.34)
	Cash generated from operations	**(31,732.61)**	**10,504.64**	**11,083.24**	**5,297.09**	**6,997.48**
	Income Tax Paid	(1,753.63)	(1,324.96)	(1,157.73)	(290.99)	(25.37)
	Prior Period payments	(84.15)	(23.82)	20.25	(24.73)	57.28
	Net Cash from/(used in) Operating Activities	**(33,570.41)**	**9,155.85**	**9,945.74**	**4,981.36**	**7,029.39**
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
	Purchase of Fixed Assets including Capitalisation of Expenditure, Capital Work in Progress & Capital advances	42,780.94	(134.22)	(0.82)	(105.83)	239.62
	Interest Income	108.87	86.16	51.91	51.03	108.22
	Net Cash from/(used in) Investing Activities	**42,889.81**	**(48.05)**	**51.10**	**(54.80)**	**347.84**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Unsecured Loans received/Paid (Net)	(7,905.43)	(6,255.06)	(8,463.47)	(3,577.93)	(5,663.45)
	Interest & Finance paid (Net of TDS)	(385.21)	(2,735.62)	(2,088.68)	(1,189.53)	(2,520.15)
	Net Cash from/(used in) Financing Activities	**(8,290.64)**	**(8,990.68)**	**(10,552.15)**	**(4,767.46)**	**(8,183.60)**
D)	Net Increase \ Decrease in cash and cash equivalents	1,028.77	117.12	(555.31)	159.10	(806.37)
E)	Cash and cash equivalents at the beginning of the period	884.49	767.37	1,322.68	1,163.59	1,969.96
F)	**Cash and cash equivalents at the end of the period**	**1,913.26**	**884.49**	**767.37**	**1,322.68**	**1,163.59**

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
NOTES FORMING PART OF THE REFORMATTED STATEMENT OF ASSETS & LIABILITIES

Annexure-IV
(in Lacs)

2. Share Capital	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
2.1 Equity Share Capital					
Authorised Share Capital:	31,500.00	31,500.00	31,500.00	31,500.00	31,500.00
	31,500.00	**31,500.00**	**31,500.00**	**31,500.00**	**31,500.00**
Issued, Subscribed and Paid up					
Equity Share Capital	31,285.00	31,285.00	31,285.00	31,285.00	31,285.00
Total	**31,285.00**	**31,285.00**	**31,285.00**	**31,285.00**	**31,285.00**

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares (in Lacs)	**(Amount in lacs.)**	**No. of Shares (in Lacs)**	**(Amount in lacs.)**
At the beginning of the Year	3,128.50	31,285	3,128.50	31,285
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**3,128.50**	**31,285**	**3,128.50**	**31,285**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares (in Lacs)	**(Amount in lacs.)**	**No. of Shares (in Lacs)**	**(Amount in lacs.)**	**No. of Shares (in Lacs)**	**(Amount in lacs.)**
At the beginning of the Year	3,128.50	31,285	3,128.50	31,285	3,128.50	31,285
Fresh issue of shares during the year						
Outstanding at the end of the year	**3,128.50**	**31,285**	**3,128.50**	**31,285**	**3,128.50**	**31,285**

(ii) Shareholers holding more than 5% of the paid up capital (Figures in lacs)

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India and its nominees	3,128.50	100%	3,128.50	100%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	**% of Hoding**	**No. of Shares held**	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India and its nominees	3,128.50	100%	3,128.50	100%	3,128.50	100%

Annexure-IV
(Rs. In lacs)

3. Reserves and Surplus	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
	`	`	`	`	
Surplus / (Deficit) in Statement of Profit and Loss					
As per last Balance Sheet	3,570.87	(1,408.95)	(5,040.06)	(7,056.63)	(8,597.90)
Profit during the year	(33,742.87)	4,979.82	3,631.12	2,016.57	1,541.26
Total	**(30,172.00)**	**3,570.87**	**(1,408.95)**	**(5,040.06)**	**(7,056.63)**

4. Long term borrowings	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
	`	`	`	`	
Unsecured					
Loan From NHAI- Parent Body	472.04	8,377.47	14,632.53	23,096.00	26,673.93
Total	**472.04**	**8,377.47**	**14,632.53**	**23,096.00**	**26,673.93**

5. Trade Payables	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
	`	`	`	`	`
(a) Micro and Small Scale Enterprise	-	-			
(b) Trade Payables - Others	524.56	343.05	364.16	394.03	274.81
Total	**524.56**	**343.05**	**364.16**	**394.03**	**274.81**

Annexure-IV

(Rs. In lacs)

6. Other Current Liabilities	**As at 31.03.2013**	**As at 31.03.2012**	**As at 31.03.2011**	**As at 31.03.2010**	**As at 31.03.2009**
a) Interest Accrued and due on Borrowings	1,516.85	1,170.16	1,879.81	1,070.58	2,234.61
b) Other Payables					
(i) Statutory Remittances	39.17	170.50		-	-
(ii) Payable on Purchase of Fixed Assets/Capital Exps	11.44	11.44	1,189.37	1,384.25	1,460.96
(iii) Advances from contractor	1.27	-		-	-
(iv) Others	241.16	1,159.79	260.59	165.68	310.35
c)Retention Money			924.22	159.37	108.30
	293.04	**1,341.72**	**2,374.19**	**1,709.30**	**1,879.61**
Total	**1,809.89**	**2,511.89**	**4,254.00**	**2,779.88**	**4,114.22**

7. Short Term Provisions	**As at 31.03.2013**	**As at 31.03.2012**	**As at 31.03.2011**	**As at 31.03.2010**	**As at 31.03.2009**
(a) Provosion for Income Tax	(0.00)	(0.00)	-	91.69	-
(b)Provision for income tax penalty					
(c) Provision for Gratuity	6.00	5.12	4.14	3.23	1.88
(d) Provision for Leave Encashment	10.40	8.88	7.76	6.82	4.06
(e) Provision for Pension & Leave Salary Contribution	-	0.90	-		
Total	**16.40**	**14.90**	**11.90**	**101.75**	**5.94**

NOTE-8

FIXED ASSETS

Annexure-IV
(Rs. In lacs)

Sl.No.	Description	Net Block				
		As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
A	**Expressway Phase I Assets**					
1	Expressway	-	12,471.54	13,300.68	14,129.82	14,958.97
2	Plant & Machinery	-	47.62	51.62	55.62	59.62
3	Toll Plaza Building	-	59.75	63.73	67.70	71.67
4	Furniture & Fixtures	-	2.05	2.35	2.65	2.95
5	Porta Hut	-	-			
6	Computers	-	-			
	Total	**-**	**12,580.96**	13,418.38	14,255.79	15,093.21
B	**Expressway Phase II Assets**					
1	Expressway	-	24,325.06	25,817.53	27,429.01	29,040.48
2	Plant & Machinery	-	139.65	150.03	160.42	170.80
3	Toll Plaza Building	-	47.62	50.79	53.96	57.13
4	Furniture & Fixtures	-	8.75	9.81	10.88	11.95
5	Computers	-	-	-	0.03	0.17
	Total	**-**	**24,521.07**	26,028.16	27,654.29	29,280.54
C	**AUDA Ring Road Intersection**					
1	Toll Plaza Building	-	63.15	67.35	71.55	75.75
2	Furniture & Fixtures	-	4.62	5.12	5.61	6.11
3	Plant & Machinery	-	53.57	57.02	60.48	63.93
4	Intersection Road	-	932.24	994.28	1,056.32	1,075.11
	Total	**-**	**1,053.57**	1,123.77	1,193.96	1,220.90
D	**Improvement of NH - 8 from**					
1	Ahmedabad to Vadodara	-	6,690.75	7,136.36	7,581.97	7,964.99
2	CCTV Camera	-	7.14	-		-
	Total	**-**	**6,697.89**	7,136.36	7,581.97	7,964.99
E	**Tree Plantation**	**-**	**130.64**	139.35	148.05	156.76
F	**Head Office Assets**					
1	Computer	0.40	0.50	0.59	-	
2	Printer	0.24	0.27	0.29	0.31	0.33
3	Mobile Instrument	0.25	0.26	0.28	0.08	0.09
	Total	**0.89**	**1.02**	1.16	0.40	0.42
G	**Mobile Instrument**	**-**	**0.05**	0.06	0.06	0.06
	Total Tangible Assets	**0.89**	**44,985.22**	47,847.24	50,834.51	53,716.88
H	**Intangible Assets**					
1	Software - I	-	-			
2	Software - II	-	0.11	0.19	0.27	0.49
3	Software - iii	-	-	0.15	0.40	0.65
	Total Intangible Assets	**-**	**0.11**	0.34	0.67	1.14
	Total (A+B+C+D+E+F+G+H)	**0.89**	**44,985.33**	47,847.58	50,835.18	53,718.02
	Previous Year	**44,985.33**	**47,847.57**	50,835.19	53,718.02	56,849.90

Annexure-IV
(Rs. In lacs)

9. DEFERRED TAX ASSET (NET)	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Deferred tax assets					
(i) Employee Benefits (Gratuity)	5.32	4.54	-	-	-
(ii) Carry Forward Loss as per Income Tax	15,724.79	4,695.85	-	-	-
	15,730.11	**4,700.39**	**-**	**-**	**-**
Deferred tax liabilities					
(i) Depreciation	(0.22)	(5,006.99)	-	-	-
	(0.22)	**(5,006.99)**	**-**	**-**	**-**
Net deferred tax (liability) / asset	**15,729.89**	**(306.60)**	**-**	**-**	**-**

10. Long Term Loans and Advances	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Unsecured Considered Good unless otherwise stated specifically					
a) Security Deposits	29.88	29.88	29.88	31.66	31.47
b) Other Loans and Advances					
- Advances recoverable in cash or kind	34.83	35.13	189.95	352.89	248.26
c) Advance Income Tax & TDS	1,952.49	198.85	168.16		59.13
Total	**2,017.20**	**263.87**	**387.98**	**384.55**	**338.86**

11. Trade Receivables	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Unsecured Considered Goods unless otherwise stated specifically					
Outstanding for a period exceeding six months	-	-			
Others	-	231.22	62.39	-	-
Total	**-**	**231.22**	**62.39**	**-**	**-**

12. Cash and Bank Balances	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Cash and Cash Equivalents					
a) Cash on hand	0.00	0.04	0.00	0.00	0.00
b) Balances with Banks					
(i) In current accounts	1,913.30	76.39	35.23	19.45	5.33
c) Cheques on hand	-	0.06			
Cash With Toll Collecting Agency			11.09	28.98	23.47
Cheques In Transit			0.04	0.03	0.03
	1,913.30	**76.48**	**46.37**	**48.46**	**28.83**
Other Bank Balances					
(a) Balance in Fixed deposit accounts*	-	808.04	721.04	1,274.64	1,134.77
	-	808.04	721.04	1,274.64	1,134.77
Total	**1,913.30**	**884.53**	**767.41**	**1,323.10**	**1,163.60**

Annexure-IV

(Rs. In lacs)

13. Other Current Assets	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Receivable from government authority	4.49	-			
Int Accrued But Not due on Term Deposits		0.52	0.98	1.48	4.51
Other Debtors					
Int Due But not received			0.02		
Refund Due From Income Tax Department			27.99	27.99	27.99
Total	**4.49**	**0.52**	**28.98**	**29.46**	**32.50**

14. Revenue from Operations	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Toll Collection Revenue					
Expressway			5,521.20	6,129.79	5,450.09
National Highway No. 8	-	2,511.46	3,991.88	3,251.36	3,203.21
Contract Fee inrespect of Expressway	8,181.58	9,109.76	2,063.84		
Contract Fee inrespect of National Highway No.8	4,612.04	2,106.89			
TOTAL	**12,793.62**	**13,728.11**	**11,576.91**	**9,381.14**	**8,653.30**

14.2 As per the decision of the Board, Project assets has been transferred to NHAI w.e.f 1st January'2013.

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
NOTES FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-V
(Rs. In lacs)

15. Other Income	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
(a) Interest income					
From Banks					
On Deposits	103.76	48.57	51.91	51.03	108.22
On Other Balances	-	1.69			
From Current Investments	0.03	4.65			
From Customers on amounts overd	5.08	-			
On Income Tax Refund	-	31.25			
On Release of retention money of contractors			3.16	0.82	
On Security Deposits			1.60	1.69	3.24
(b) Sale of Tender Document	0.40	1.15	0.50	1.20	1.88
(c) Income Tax Refund	184.05	-			40.41
(d) Miscellaneous Income	12.55	31.63	4.69	63.83	0.00
TOTAL	**305.88**	**118.95**	**61.87**	**118.57**	**153.76**

16. Operating Expense	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Operation & Maintenance Charges- Express Highway	503.60	1,011.15	1,544.91	1,882.89	1,347.29
Operation & Maintenance Charges- NH	943.73	389.30	432.45	900.93	175.77
TOTAL	**1,447.33**	**1,400.45**	**1,977.35**	**2,783.82**	**1,523.06**

17. Employee Benefits Expenses	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
(a) Salaries and Wages	14.18	26.03	24.72	19.24	16.51
(b) Gratuity	0.88	0.99	0.91	1.35	0.72
(c) Earned Leave	1.52	2.14	2.08	2.53	1.47
(d) Contributions to Provident Fund	1.39	2.11	1.66	3.11	1.46
(e) Staff welfare Expenses	1.42	0.87	0.94	0.05	
TOTAL	**19.39**	**32.15**	**30.30**	**26.28**	**20.15**

18. Finance Costs	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Interest Expenses					
(a) On Borrowings	385.21	1,300.18	2,088.68	1,189.53	2,520.15
(b) Interest as per Arbitration Award	-	1,435.44			
(c) Bank Charges	0.05	0.02	0.03	0.03	0.04
TOTAL	**385.26**	**2,735.64**	**2,088.71**	**1,189.56**	**2,520.19**

19. Other Expenses	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
(a) Rates and Taxes	-	0.19	0.19	0.10	0.66
(b) Rent	-	0.84	0.70	0.61	

(c) Legal & Professional charges	4.55	2.42	14.93	5.19	6.84
(d) Payment to Auditors	3.48	2.83	4.00	2.77	2.24
(e) Power	-	0.31	0.28	0.30	0.29
(f) Interest on Delayed deposition of ST	0.02	-			
(g)Travelling & Conveyance			3.40	5.35	3.27
(h)Postage & Telephone Exps			0.97	1.01	0.70
(i)Printing & Stationery			0.31	0.29	0.33
(j)Advertisment Exps			3.88	2.50	8.34
Manpower Hiring charges			0.40	0.95	
(k)Consultancy Charges			0.06	0.06	0.06
(l)Repair & Maintenance			0.65	0.24	0.45
(m)Arbitration Exps			9.15	6.30	10.33
(n) Miscellaneous Expense	20.55	43.28	0.38	0.34	0.48
(0)Application Fee					0.10
(p)Security Exps					1.08
(q)Income Tax Adjustment					0.02
(r)Arbitration AUDA				2.25	
TOTAL	**28.60**	**49.88**	**39.30**	**28.27**	**35.19**

19.1 Payment to Auditors	**For the Year Ended 31.03.2013**	**For the Year Ended As at 31.03.2012**	**For the Year Ended 31.03.2011**	**For the Year Ended 31.03.2010**	**For the Year Ended 31.03.2009**
(a) Statutory Audit Fees	1.40	1.38	1.38	1.38	1.38
(b) Tax Audit Fees	0.56	0.50			
(c) Reimbursement Expenses	1.51	0.95	1.94	0.90	0.86
TOTAL	**3.48**	**2.83**	**3.32**	**2.28**	**2.24**

Annexure-V
(Rs. In lacs)

20. Prior Period Items	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Prior Period Item					
Income					
Old liabilities written back	-	29.03			
	-	**29.03**	**-**	**-**	**-**
Expense					
Depreciation	(60.23)	(52.31)		(14.99)	(57.29)
Employer's Contribution to PF	-	(0.54)			
Service Charges	(23.92)	-			
Exps on Maint of NH			0.76		
Old Liabilities written back			21.03		
Bonus					0.01
LTA A/c			(1.54)		
FBT				(0.04)	
Other Exps				(9.70)	
	(84.15)	(52.85)	20.25	(24.73)	(57.28)
TOTAL	**(84.15)**	**(23.82)**	**20.25**	**(24.73)**	**(57.28)**

21. Exceptional Items	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Loss on transfer of Fixed Assets	42,879.71	-			
	42,879.71	**-**			

22. Earnings per Share	For the Year Ended 31.03.2013	For the Year Ended As at 31.03.2012	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Equity Shares (Nos.)	312,850,000	312,850,000	312,850,000	312,850,000	312,850,000
Average shares for diluted equity shares	312,850,000	312,850,000	312,850,000	312,850,000	312,850,000
Profit Before Tax	8,886.98	6,608.66	4,534.96	2,458.38	1,782.60
Less: Exceptional items	42,879.71	-	-	-	-
Profit/(Loss) after exceptional items for calculating earning per shares	**(33,992.73)**	**6,608.66**	**4,534.96**	**2,458.38**	1,782.60
Less: Current Tax	249.86	(1,628.84)	(903.84)	(441.81)	(241.34)
Profit After Tax	(33,742.87)	4,979.82	3,631.12	2,016.57	1,541.26
	8,637.12	8,237.51	5,438.80	2,900.19	2,023.95
Basic/Diluted Earnings Per Share (R)					
Before exceptional items	**2.92**	**1.59**	**1.16**	**0.64**	**0.49**
After exceptional items	**(10.79)**	**1.59**	**1.16**	**0.64**	**0.49**

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED

Annexure VI

SIGNIFICANT ACCOUNTING POLICIES (31st March, 2013, 2012, 2011, 2010 and 2009)

i. Basis of Preparation of Financial Statements (March 31, 2013, 2012, 2011, 2010 and 2009)

The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India ("GAAP") and comply with the mandatory Accounting Standards ("AS") as notified under the said Companies (Accounting Standards) Rules, 2006, to the extent applicable and the presentational requirements of the Companies Act, 1956.

ii. Revenue Recognition (March 31, 2013, 2012 and 2011)

Income from Toll Collection is recognized when a vehicle passes through the barrier after paying the due charges.

Income from licence fees for BOT is recognized on accrual basis.

Income from interest on term deposits is recognized on a time proportion basis.

Income from sale of tender documents is recognized at the time of handing over of tender documents on receiving the payments.

Other Incomes are accounted for on cash/receipt basis.

Revenue Recognition (March 31, 2010, 2009)

Income from Toll Collection is recognized when a vehicle passes through the barrier after paying the due charges.

Income from interest on term deposits is recognized on a time proportion basis.

Income from sale of tender documents is recognized at the time of handing over of tender documents on receiving the payments.

Other Incomes are accounted for on cash/receipt basis.

iii. Fixed Assets (March 31, 2013, 2012, 2011, 2010 and 2009)

Fixed Assets are stated at historical cost less depreciation.

The costs of fixed assets include taxes, duties, freight and other expenses incidental and related to the construction, acquisition, and installation of respective assets.

Expressway/Highway

A Phase of an expressway including the expansion of the expressway and improvement of a Highway are treated as complete on taking over from the contractor and issuance of taking-over certificate by the supervision consultant/engineer.

Direct Capital Expenditure

Direct capital expenditure on construction includes the payments made/due to Construction Contractors against bills received from them duly verified and certified for payment by the Supervision Consultant/Engineer which is provisionally accounted for as direct capital expenditure subject to approval of the variations if any, by the variation committee of the company.

Indirect Capital Expenditure

Indirect capital expenditure specific or related to a particular asset is capitalized to that specific asset on actual basis.

Indirect expenditure incidental to construction but not specific or related to a particular asset is allocated in proportion to direct capital expenditure incurred.

Interests paid on funds utilized for the construction of asset are capitalized on the basis of amount of funds utilized for construction of specific asset.

Incomes earned from sale of tender documents and incomes on retention money are deducted/reduced from the indirect expenses of specific asset related to which tender was issued/ retention money was received and the net amount is capitalized.

Interest earned on term deposits against temporary investments of surplus funds prior to their utilization towards capital expenditure is reduced from indirect expenditure of the respective asset in proportion to the utilizations of funds.

After completion, such portion of above referred expenses pertaining to respective asset is recognized as revenue expenditure.

iv. Construction work-in-progress (March 31, 2013 and 2012)

The costs incurred on the projects for which the construction is under progress and for which taking over certificate has not been received is shown under the construction work-in-progress. Further on projects where some additional work or auxiliary work is under progress the costs incurred thereon are shown under construction work-in-progress.
The costs incurred on the projects for which the construction is under progress and for which taking over certificate has not been received is shown under the construction work-in-progress. Further on projects where some additional work or auxiliary work is under progress the costs incurred thereon are shown under construction work-in-progress.

Advance paid to contractors against Mobilization, Machineries and Materials etc. and for other Capital Expenditure, if any are shown under the head Loans and Advances.

Construction work-in-progress (March 31, 2011, 2010 and 2009)

The costs incurred on the projects for which the construction is under progress and for which taking over certificate has not been received is shown under the construction work-in-progress. Further on projects where some additional work or auxiliary work is under progress the costs incurred thereon are shown under construction work-in-progress.

The accounting policy referred to in above for ―Expressway/Highway under Fixed Assets are followed to the extent applicable for recognizing the capital work-in-progress incurred on such asset on which construction work is under progress.

Advances paid to contractors against Mobilization, Machineries and Materials etc. and for other Capital Expenditure are shown under the head construction work-in-progress.

v. Depreciation / Amortization (March 31, 2013, 2012, 2011, 2010 and 2009)

Depreciation is provided on completed phase of the Expressway, Toll Plaza Building, and improvement of a Highway and Tree Plantation over the concession period/remaining concession period using the straight line method from the date of inauguration of the completed phase/taking over certificate.

Depreciation is provided on other fixed assets on the basis of straight-line method at the rates and in the manner as specified in Schedule XIV of the Companies Act.

Intangible assets are amortized over a period of five years using the straight-line method from the year of purchase/installation.

vi. Borrowing Costs (March 31, 2013, 2012, 2011, 2010 and 2009)

Borrowing costs relating to the acquisition/construction of qualifying fixed assets are capitalized or shown in capital work-in-progress until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. In this regard, qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to revenue.

vii. Leases (March 31, 2013 and 2012)

The site is licensed by NHAI to the Company under and in accordance with the Concession Agreement on which the Expressway/Highway Project is situated and is classified as an Operating Lease.

Lease payments in the form of Concession Fee are recognized as an expense in the Profit and Loss Account over the lease term except lease payments during construction period, which are capitalized.

Leases (March 31, 2011, 2010, 2009)

The site is licensed by NHAI to the Company under and in accordance with the Concession Agreement on which the Expressway/Highway Project is situated and is classified as an Operating Lease.

Lease payments in the form of Concession Fee are recognized as an expense in the Profit and Loss Account over the lease term except lease payments during construction period, which is capitalized.

viii. Provisions, Contingent Liabilities and Contingent Assets (March 31, 2013, 2012, 2011, 2010 and 2009)

Provisions for capital expenditure, which are approved by the supervision consultant/Engineer, are provided for in the financial statements. Provision for revenue expenditure for Bill of Quantities (BOQ) items is made at contract value and for Non- BOQ items provision is made to the extent of the value certified by the Engineer.

Contingent Liabilities are not provided for in the books but are shown by way of notes to the accounts.

Contingent Assets are neither recognized nor disclosed in the financial statements.

ix. Retirement benefits (March 31, 2013, 2012, 2011, 2010 and 2009)

The provisions of payment of Gratuity, Leave encashment, and other retirement benefits to the employees as applicable to the Company are accounted for on accrual basis.

x. Use of Estimates (March 31, 2012 and 2013)

The presentation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of income taxes, employment retirement benefit plans, provisions of doubtful debts and advances and estimated useful life of fixed assts. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Use of Estimates (March 31, 2011, 2010 and 2009)

The presentation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized in the current and/or future periods when such revision falls due/take place.

xi. Claims for Variation/Escalation (March 31, 2013, 2012, 2011, 2010 and 2009)

Contractors' claims for price variation / escalation are provisionally accounted for as the part of direct capital expenditure; to the extent such claims are accepted and approved by the supervision consultant/engineer of the company by certifying the bills raised by the contractors. The same are subject to the approval of the variation committee of the company.

xii. Miscellaneous Expenditure (March 31, 2013, 2012, 2011, 2010 and 2009)

a) Preliminary Expenses

Expenditure incurred on formation of the Company is amortized over a period not exceeding five years using the straight-line method from the year of commencement of commercial operations of the Company.

b) Deferred Revenue Expenditure

Registration Fees and Stamp Duty for increase in Authorized Share Capital are written off on straight-line method over a period not exceeding five years from the year of commencement of commercial operations of the Company.

Initial Rating Fee for issue of Bonds/Debentures for mobilization of funds for the expressway project will be amortized depending upon the tenure for which bonds/ debentures will be issued.

Pre-operative Expenses are amortized over a period not exceeding five years using the straight-line the Company.

Xiii. Adjustments pertaining to prior period, Extra Ordinary items and Prepaid Expenses (March 31, 2013, 2012, 2011, 2010 and 2009)

Prior period are not charged to the current year‘s profit and loss but shown separately.

Prepaid expenses are accounted for on time proportionate basis and are shown under the head- Loan and Advances.

xiv. Taxation (March 31, 2013 and 2012)

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legal enforceable right exist to set off current tax against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the tax on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Taxation (March 31, 2011, 2010)

a) Provision for current taxation is made in accordance with the income tax laws.

b) Deferred tax is recognized on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods .Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only when there is virtual certainly of realization of such assets.

c) Deferred Tax Assets/Deferred Tax Liabilities are recognized as per the provision of AS-22.

Taxation (March 31, 2009)

a) Provision for current taxation has been made in accordance with the income tax Laws.

b) Deferred tax is recognized on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only when there is virtual certainly of realization of such assets.

xv. Earnings per share (March 31, 2013, 2012, 2011, 2010 and 2009)

Basic/Diluted Earnings per share is calculated by dividing the net profit/ (Loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

xvi. Impairment of Assets (March 31, 2013, 2012, 2011, 2010 and 2009)

At each balance sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. <u>Contingent Liabilities:</u>

Claims against the company not acknowledged as debt;

i. Company has been served a Show Cause Notice by the Asst. Commissioner of Income-tax, TDS Circle, Ahmedabad, on 5th March, 2012 for failure to collect TCS under Section 206C (1C) of the Income-tax Act, 1961, on the toll fee collected at toll plazas on Ahmedabad Vadodara Expressway from A.Y. 2005-06 to 2010-11. Further a notice of demand u/s 156 of Income Tax Act, 1961 pursuant to completion of order u/s 206C(6A) & 206C(7) of Income Tax Act, 1961 has been received by the Company on 02.04.2013 from A.Y. 2005-06 to A.Y. 2010-11 amounting approx. to Rs. 877.53 Lacs (including interest amounting to Rs. 309.94 Lacs).

ii. A demand of Rs. 8,89,67,190 has been assessed by the Income Tax Department as per Intimation u/s 143(1) received by the Company on 20.08.2013 for A.Y. 2012-13 in lieu of return filed by the Company vide ack. no. 502907211290912 dt. 29.09.2012.

iii. The Director of Income Tax (International Taxation), Appellant has filled Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Tax) Ahmedabad u/s. 271 of the IT Act.

iv. PIU has received legal notice from M/s. Leo Security Services with regard falsely encashing bank guarantee amounting to Rs. 22.00 Lacs along with interest 24% p.a. and Rs. 10.00 Lacs towards damages along with Rs. 11,000/- being the cost of legal notice and Rs. 1,100/- towards incidental expenses.

v. PIU has received legal notice from M/s. C 3 Security services with regard falsely encashing bank guarantee amounting to Rs. 40.00 Lacs along with interest 24% p.a. and Rs. 10.00 Lacs towards damages along with Rs. 11,000/- being the cost of legal notice and Rs. 1,100/- towards incidental expenses.

2. <u>General</u>

a) Ahmedabad Vadodara Expressway Company Limited (AVEXCL), a wholly owned subsidiary of National Highways Authority of India (NHAI) was incorporated on 05.04.2000 pursuant to and in accordance with clause (g) of Section 16(2) of the NHAI Act, 1988 for financing, procurement, construction, operation and maintenance of the Expressway between Ahmedabad and Vadodara (from kms 0.00 to kms 93.3) on Build, Operate and Transfer (BOT) basis. A concession agreement was entered between AVEXCL and NHAI for the said project on March 05, 2002 with the appointed date on 01.04.2002 for a concession period of 25 years. Later, Ahmedabad Vadodara Section of NH-8, being parallel to AV Expressway, it was decided by the Ministry of Shipping, Road Transport & Highways and NHAI to treat the AV Section of NH-8 and AV Expressway as a single commercial corridor and entrusted the same to AVEXCL for development. Accordingly an addendum dated February 02, 2007 to the concession agreement was executed. The concession period of 25 years as mentioned in the Concession Agreement has not been completed as on date. In the meantime Govt. of India has approved six laning of GQ under NHDP Ph-V and NHAI has been entrusted for implementation of the same. Accordingly after due bidding process NHAI has awarded the Project "Six laning of AV section of NH-8 and improvement of AV Expressway on DBFO pattern under NHDP Ph-V" to a new concessionaire i.e. IRB with a Premium. For enabling NHAI to execute the new concession agreement with IRB, the Company (AVEXCL) has given a No Objection Certificate (NOC), providing the consent to NHAI for entering into the new concession agreement with IRB for executing the project for the six laning of the corridor as mentioned above. NHAI entered the agreement with the selected bidder (IRB) on 25.07.2011. However it has been decided that, the concession agreement between AVEXCL and NHAI is valid and effective and AVEXCL shall continue to fulfil its obligations there under till the occurrence of financial closure of the new concessionaire is achieved. The Concession Agreement between AVEXCL and NHAI shall be terminated only when financial closure of IRB achieved. The financial closure of IRB has been achieved only on 01.01.2013. Finally, the Project was with the AVEXCL till 31.12.2012 and handed over to NHAI w.e.f. 01.01.2013 enabling NHAI to handed over the Project to IRB.

The chronologies of events are as follows:

Date of Incorporation of AVEXCL	05.04.2000
Date of Signing of Concession Agreement with NHAI	05.03.2002
Start of Concession Period	01.04.2002
Original Date of end of Concession Period	31.03.2027
Date of Agreement between NHAI & IRB	25.07.2011
Financial Closure of IRB	01.01.2013
Projects with AVEXCL	31.12.2012
Projects handed over by AVEXCL to NHAI	01.01.2013

In this regard, the following resolutions were passed in the 49thMeeting of the AVEXCL Board held on 28th June 2011.

"RESOLVED THAT the Company has no objection and accords its consent for NHAI to entering into the new concession agreement with the selected Bidder for execution of the project for six laning of Ahmedabad Vadodara Section of NH-8 (km. 6.400 to km. 104.00) and improvement of Ahmedabad Vadodara Expressway on BOT (Toll) on DBFOT basis."

"RESOLVED FURTHER THAT the Concession Agreement between AVEXCL and NHAI shall be valid and effective and AVEXCL shall continue to fulfill its obligations thereunder till the occurrence of Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder, and the Concession Agreement between AVEXCL and NHAI shall be terminated only when Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder is achieved."

"RESOLVED FURTHER THAT an unconditional undertaking has to be obtained from NHAI to indemnify AVEXCL for taking over all assets and outstanding claims/ dues/ liabilities both present and future as well as absorption of the existing employees of the Company in the respective cadre/post of NHAI before handing over the project to the new concessionaire and winding up formalities will be commence there after. "

"RESOLVED FURTHER THAT Dr. J.N.Singh, Chairman be and is hereby authorized to sign the No Objection Letter in favour of NHAI, consenting for NHAI entering into the new concession agreement with the selected Bidder and to do all other acts, deeds and things as may be deemed necessary and expedient for the aforesaid purpose."

Also AVEXCL Board in its 57th meeting held on 22.03.2013 has noted the decision of the Executive Committee of NHAI held on 20.12.2012 for all its SPVs which was as follows.

"After due deliberation, the committee opined that it would be in the larger interest of NHAI to take over the assets/liabilities of all the SPVs as almost all the SPVs (except JNPT) will take considerably larger period to be in a position to pay back its debts. It is also noted by the committee that NHAI is the major contributor of equity and debt components whereas the sub-debt components received from other agencies is only about Rs. 42 Crores (as against Rs. 271 Crores committed). As such, the committee opined that in case the other stakeholders are ready to quit the SPV after realizing the debt component, NHAI can take over the assets/liabilities of all SPVs. However, considering that the SPV of JNPT project is profit making and CIDCO/JNPT are providing costly land for the upcoming six/eight lane project on BOT, committee decided that this SPV may be continued. Accordingly, the committee directed to work out the comprehensive financing and legalities after obtaining NOCs from other stakeholders for placing before NHAI Board. In view of above, the committee opined that it may be prudent that the Toll Notification of all SPVs (except JNPT) may be notified as "public funded project" as ultimately the user fee (Toll) of these projects is to be collected by NHAI. The committee further decided that till such time the assets/liabilities of SPVs is taken over by NHAI following due process and consent of stakeholders, the matching amount of user fee (Toll) being collected by NHAI shall be paid to respective SPVs".

In view of above decision of NHAI, the Parent body of the Company, Board withdrew all its earlier resolutions/decisions passed in several earlier Board Meetings regarding winding up of the Company. In view of the above, Board has resolved that, the Company (AVEXCL) will be treated as a going concern entity and the concept of going on concern has to be continued till a comprehensive decision taken by NHAI for all its SPVs after getting the report from M/s. Deloittee, the Consultant appointed for this purpose.

Finally, Board in its 58th meeting held on 25.06.2013 has passed the following resolutions.

"RESOLVED THAT consent of the Board of Directors be and is hereby accorded to transfer of whole project of expressway between Ahmedabad and Vadodara (from 0.00 kms to 93.3 km) along with Ahmedabad Vadodara Section of NH-8., AUDA ring road, tree plantations etc. on a going concern basis to NHAI for handing over to new concessionaire w.e.f. 1st January, 2013."

"RESOLVED FURTHER THAT consent of the Board accorded for transfer of Project assets (AV Expressway, AV Section of NH-8., Auda Ring Road, Tree plantations etc.) as appearing in the Books of Company as on 31.12.2012 to NHAI without any consideration.

"RESOLVED FURTHER THAT the depreciation on the above assets will be charged till 31.12.2012 as per the rate applicable in previous year."

"RESOLVED FURTHER THAT NHAI shall be requested to indemnify AVEXCL for taking over assets and outstanding claims/dues/liabilities both present and future as well absorption of employee who is presently in the roll of AVEXCL in the respective cadre/post of NHAI."

"RESOLVED FURTHER THAT Company to continue on a going concern basis and comply with all legal regulations as may be applicable till a comprehensive decision taken by its parent body NHAI for all its SPVs after getting the report from M/s. Deloittee, the Consultant appointed for this purpose.

"RESOLVED FURTHER THAT request be made to parent body NHAI from time to time for releasing of funds for meeting the statutory liabilities, dues and obligations as per the requirement of the Company."

In view of the above decision of the Board of AVEXCL, the Concession Agreement with NHAI terminated w.e.f. 01.01.2013 and transferred the whole project of AVEXCL on a going concern basis to NHAI without any consideration. i.e. Asset Value of Rs. 428.35 Cr. appearing in the Books of AVEXCL as at 31.12.2012 transferred to NHAI with a NIL (Zero) value.

b) As per the conditions of the bidding document, the Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by any authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any Authority / Department during the contract period or in future.

c) Previous Years figures have been regrouped/reclassified wherever considered necessary, to make them comparable with Current Year figures.

3. Capital Commitment

There is no contract remaining to be executed on Capital Account.

4. Segment Reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

5. Related party

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:

The name of the related parties and relationships are given below:

Name of the related party	**Relation**
National Highways Authority of India	Holding / Parent Body
Shri Narendra Kumar, IAS	Chairman & Managing Director
Shri N.R.Dash	Director
Shri P.R.Patelia	Director
Shri Rakesh Nagar	Director
Shri A.K.Sharma	Director
Dr. J.N.Singh,IAS	Ex - Chairman
Shri R.K.Singh	Ex -Director

Nature of transaction	Holding Company Amt. (Rs. In Lacs)	
	Current year	**Previous year**
Received Loans	**-**	**-**
Repayment of Loan	**7,457.93**	**8,134.87**
Recoverable/ payable from/to NHAI	**30.24**	**30.24**
Concession Fees	**0.00**	**0.00**
Interest on Loan (net)	**385.21**	**1,300.18**

6. Lease

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Re. 1/- p.a. under and in accordance with the Concession Agreement and is classified as an Operating Lease.

The information as per Accounting Standard-19, -'Leases' issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

not later than one year	Rs. 1
later than one year and not later than five years	Rs. 4
later than five years	Rs. 10

As stated above, Company has transferred all project assets etc. to NHAI w.e.f 01.01.2013 without any consideration.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. <u>Contingent Liabilities:</u>

Claims against the company not acknowledged as debt;

i) The Director of Income Tax (International Taxation), Appellant has filled Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Tax) Ahmedabad u/s. 271 of the IT Act.

ii) The claims for a sum of Rs. 13,322 Lacs (Previous Year Rs. 13,322 Lacs) along with interest filed by a contractor for Phase II, which has been referred to Arbitration Tribunal. Arbitration Tribunal has declared an Interim award under section 31(6) of the Arbitration and Conciliation Act 1996 on 13.11.2011 that the respondent (NHAI/AVEXCL) shall pay the claimant an amount of Rs 2,764.98 Lacs including interest in full so that final award of the claimant's claim finalized. AVEXCL has already booked the liabilities of Rs. 1088 Lacs which was not paid pending Arbitration Award. Now, AVEXCL has paid Rs. 2702 Lacs on 12.12.2011 (including booked liabilities of Rs. 1088 Lacs) after deducting an amount of Rs. 62 Lacs against claim No. 21 as per the consent / undertaking received from Respondent. Thus, the old liabilities of Rs. 1088 Lacs is squared up and AT has treated the Interim Award as final award on 16.12.2011. Thus, the claim is settled.

iii) The prior period expenses provided for in the books as of Rs. 29.02 Lacs comprises of the services charges of Rs.18.33 Lacs of M/s AB Infrastructure (Toll Collection Agency of Ahmedabad Vadodara Expressway) which have been deducted from the withheld payment of the contractor. The contractor M/s AB Infrastructure has sent a legal notice for payment of the said amount and hence this amount is in dispute."

iv) The claims against the company by the land owners having land situated near the site of expressway for loss of their earning due to construction of expressway- amount uncertain able.

2. General

a) NHAI, the Parent body of the Company has signed the agreement with the selected bidder on 25.07.2011 and the Project has to be handed over to the concessionaire after financial closure is achieved.. In this regard it may be stated that all activities including collection of toll at A V Expressway and NH-8 at Vasad are going on as usual. The Management is of the view that though a parallel decision to divest the Company of its concession agreement by appointing another Concessionaire has been initiated separately, the date of culmination of the process being uncertain at this point of time, the Company considers itself fully in operation. Therefore the financial statements have been prepared on, going on concern basis.

b) The company has auctioned the Vasad toll plaza on the Ahmedabad- Vadodara Section of NH-8 through an open competitive bidding process to the highest bidder for collection of user fee on Vasad and has entered into a contract with M/s. IRB Infrastructure Developers Ltd. for the 12 month period ending 26 November 2012. Under the contract, the contractor will pay the company weekly Rs. 117.05 Lacs aggregating to Rs. 6120 Lacs during the contract term irrespective of the actual collection. The income recognized for the year is Rs. 2106.89 Lacs.

c) After the completion of original contract on 28.12.2011 and after giving extension from 29.12.2011 to 20.01.2012 with M/s. MEP Toll Road Pvt.Ltd., the highest bidder for collection of user fee on the Expressway obtained through open competitive bidding, the Company invited bids 2nd time from interested entrepreneurs for collection of USER Fee for the use of the said Section of National Expressway for a period of three months which may be increased or reduced on the taking over of the section by the BOT concessionaire and the company has entered into a contract with MEP Infrastructure Developers Pvt. Ltd. for 3 month period ending 19th April 2012. Under the contract, the contractor will pay the company weekly Rs. 197.19 Lacs aggregating to Rs. 2535.30 Lacs during the contract term irrespective of the actual collection. The income recognized for the year from old contract is Rs. 7109.69 Lacs and from new contract is Rs. 2000.07 Lacs totaling to Rs.9109.76 Lacs.

d) As per the conditions of the bidding document, the Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by any authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any Authority / Department during the contract period or in future.

e) The claims for a sum of Rs. 13322 Lacs (Previous Year Rs. 13322 Lacs) along with interest filed by a contractor for Phase II, which has been referred to Arbitration Tribunal. Arbitration Tribunal has declared an Interim award under section 31(6) of the Arbitration and Conciliation Act 1996 on 13.11.2011 that the respondent (NHAI/AVEXCL) shall pay the claimant an amount of Rs 2764.98 Lacs including interest in full so that final award of the claimant's claim finalized. AVEXCL has already booked the liabilities of Rs. 1088 Lacs which was not paid pending Arbitration Award. Now, AVEXCL has paid Rs. 2702 Lacs on 12.12.2011 (including booked liabilities of Rs. 1088 Lacs) after deducting an amount of Rs. 62 Lacs against claim No. 21 as per the consent / undertaking received from Respondent. Thus, the old liabilities of Rs. 1088 Lacs is squared up and AT has treated the Interim Award as final award on 16.12.2011.

f) The company had in earlier years received back the refund of Income Tax amounting to Rs. 4,85,77,398/- after withholding the liability of Rs. 1,84,05,373/- for penalty pending written award/ judgment from Tribunal .Now, the Income Tax Department has refund the penalty Rs. 1,84,05,373/- along with interest of Rs. 31,25,430/- totalling to Rs. 2,15,30,800/- on 19.12.2011. Currently has filed a suit in High Court against the Tribunal order.

3. The Revised Schedule VI has become effective for accounting period commencing on or after 1st April 2011 for the preparation of financial Statement. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/re-arranged wherever considered necessary with the current year's classification/disclosure.

4. **Capital Commitment**

There is no contract remaining to be executed on Capital Account.

5. **Segment Reporting**

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

6. **Related party**

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:

The name of the related parties and relationships are given below:

Name of the related party	**Relation**
National Highways Authority of India	Holding / Parent Body
Dr. J.N.Singh,IAS	Chairman
Shri R.K.Singh	Director
Shri N.R.Dash	Director
Shri Rakesh Nagar	Director
Shri A.K.Sharma	Director
Shri L.P.Padhy	Ex-Director
Shri J.K.Patel	Ex-Managing Director

Nature of transaction	**Holding Company Amt. (Rs. In Lacs)**	
	Current year	**Previous year**
Received Loans	-	-
Repayment of Loan	8,134.87	9,534.05
Recoverable/ payable from/to NHAI	30.24	-6.44
Concession Fees	0.00001	0.00001
Interest on Loan (net)	1,300.18	2,088.68

7. **Lease**

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Re. 1/- p.a. under and in accordance with the Concession Agreement and is classified as an Operating Lease.

The information as per Accounting Standard-19, -'Leases' issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

not later than one year	Rs.1
later than one year and not later than five years	Rs. 4
later than five years	Rs. 10

b. Lease payment (concession fee) recognized in the statement of profit and loss for the year Re. 1/- (Previous year Rs.1/-)

c. The company will build, operate the expressway (Phase- I and II) & improvement of NH-8 from Ahmedabad to Vadodara and will transfer the same to NHAI after the completion of 25 years from 01.04.2002 as per the Concession agreement entered between NHAI & AVEXCL.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

i. Contingent Liabilities:

Claims against the company not acknowledged as debt:

a. The claims for a sum of Rs. 13,322Lac (Previous Year Rs. 13,322Lac) along with interest filed by a contractor for Phase II, which has been referred to Arbitration Tribunal.

b. The claims against the company by the land owners having land situated near the site of expressway for loss of their earning due to construction of expressway- amount uncertainable.

ii. Capital Commitment (March 31, 2011)

There is no contract remaining to be executed on Capital Account.

iii. Unsecured Loans/ Current Assets (March 31, 2011)

The amount received from NHAI is treated as long -term loan in terms of scheme of finance as approved by both the parties and shown under unsecured loan.

The net expenditure incurred during the year by the Company on behalf of NHAI is treated as amount receivable from NHAI and shown under current assets and the previous year balance brought forward is adjusted against the loan account.

iv. Segment Reporting (March 31, 2011)

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

v. Related party

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:

a. The name of the related parties and relationships are given below:

<u>Name of the related party</u> **<u>Relation</u> (March 31, 2011)**

National Highways Authority of India : Holding / Parent Body

Key Management Personnel (March 31,2011)

Dr. J.N.Singh,IAS	:	Chairman
Shri J.K.Patel	:	Managing Director
Shri R.K.Singh	:	Director
Shri N.R.Dash	:	Director
Shri L.P.Padhy	:	Director
Shri S.I. Patel	:	Ex- Chairman
Shri M.P. Sharma	:	Ex- Managing Director
Shri B.N. Singh	:	Ex- Chairman
Shri T.K. Chattopadhyay	:	Ex-Director

b. **The details of transactions between Company and the related party viz., NHAI as prescribed by the Accounting Standard are given below: (March 31, 2011)**

SI. No.	Nature of transaction	Holding / Parent Body Amt. (Rs.)		Ref: Schedule & Account Head of Accounts
		Current Year	Previous Year	
1.	Received Loans.	Rs. Nil -	Rs. Nil	1.1: Unsecured Loans
2	Repayment of Loan	Rs. 95,34,05,081/-	Rs. 58,12,54,267/-	1.1: Unsecured Loans
3.	Recoverable/ payable from/to NHAI	(Rs. 6,43,980/-)	Rs.1,62,05,081/-	1.7:Current liabilities/ 1.6:Loans and advances
4.	Concession Fees	Re.1/-	Re.1/-	3.1: Administrative & Other expenses
5.	Interest on Loan (net)	Rs. 20,88,67,798/-	Rs.11,89,53,000/-	3.2: Finance Charges

vi. Leases (March 31, 2011)

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Re. 1/- p.a. under and in accordance with the Concession Agreement and is classified as an Operating Lease.

The information as per Accounting Standard-19, -'Leases' issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

i.	not later than one year	Rs.1
ii.	Later than one year and not later than five years	Rs. 4
iii.	Later than five years	Rs. 11

b. Lease payment (concession fee) recognized in the statement of profit and loss for the year Rs. 1/- (Previous year Re.1/-)

c. The company will build, operate the expressway (Phase- I and II) & improvement of NH-8 from Ahmedabad to Vadodara and will transfer the same to NHAI after the completion of 25 years from 01.04.2002 as per the Concession agreement entered between NHAI & AVEXCL.

vii. Taxation (March 31, 2011)

a) The following demands were made by the income tax department against the company:

Relating to Short/ Non deduction of Income Tax at source:

- **<u>Assessment Year 2003-04:</u>**
  The Company had made provision in the earlier years towards the interest liability for short/non deduction of TDS u/s 201(1A) of the Income Tax Act amounting to Rs.6,53,32,099/- and had preferred an appeal to the Income Tax Appellate Tribunal. The Appellate Tribunal substantially allowed the appeal filed by the Company and decreased the Interest liability to Rs. 2.02 Lakhs. However, the Jt. Director of International Taxation levied penalty of Rs. 3.53 Crores for lower deduction of Tax in the same case against which the company filed an appeal with Commissioner of Income Tax who reduced penalty to Rs. 1.84 Crores including interest amounting to Rs. 10.41 Lakhs. The company had in earlier years received back the refund of Income Tax amounting to Rs. 4,85,77,398/- after withholding the liability of Rs. 1,84,05,373/- for penalty and Rs. 27,98,690/- against Demand for A.Y. 2006-07. The company had preferred appeal with the Appellate Tribunal against the said penalty. In the last hearing on 7th July, 2011, the Tribunal heard the arguments of both the parties. The written award/ judgment is awaited. The company has already booked the amount of penalty of Rs. 1.73 crore in a previous year.

b) **Deferred Tax:**

The company has following major components of Deferred Tax Asset and Liabilities:

Computation of Deferred Tax Assets/ (Liabilities)			
	Rs.	Rs.	Deferred Tax Asset/ (Liability) @ 33.22% Rs.
Timing differences due to Depreciation			
WDV as per Income Tax Act	3,26,46,78,650		

WDV as per Companies Act	4,78,47,56,792		
		(1,52,00,78,142)	(50,49,69,959)
Carried forward losses and depreciation		1,44,73,57,044	48,08,12,010
Other timing differences			
Provision for gratuity	4,13,712		
Provision for Leave encashment	7,76,186	11,89,898	3,95,284
MAT credit			13,47,54,661
Net Deferred Tax Assets/ (Liabilities) as on 31.03.2011			**11,09,91,996**

Deferred tax assets have not been recognized in accounts as in view of the management, there is no virtual certainty of realization of such assets.

viii. Earnings per Share (EPS)

		For the Year Ended March, 31
		2011
(a)	Before Extra Ordinary Items	1.16
(b)	After Extra Ordinary Items	1.16

ix. General (March 31, 2011)

a) The company has auctioned the five toll plazas on the Ahmedabad- Vadodara Expressway through an open competitive bidding process to the highest bidder for collection of user fee on the Expressway and has entered into a contract with MEP Toll Road Pvt. Ltd. for the 12 month period ending 28 December 2011. Under the contract, the contractor will pay the company weekly Rs. 1,55,76,923 aggregating to Rs. 81,00,00,000 during the contract term irrespective of the actual collection. The income recognized for the year is Rs. 20,63,83,562. NHAI has taken the legal opinion on applicability of service tax on franchisee and as per the legal opinion , activities undertaken by the franchisee and bid amount paid by the franchisee to NHAI is not taxable .As per the pre bid meeting minutes, it was clarified to the Bidders that Service Tax liability if any has to be borne by the Contractor .The same is a part of the Contract which has been stated at serial no. 114 annexed at page 195 of the Contract entered with MEP Toll Road Pvt. Limited. Accordingly, Service Tax liability if any arises out of the Contract; the same has to be borne by MEP Toll Road Pvt. Company limited. However, for precautionary measure an undertaking from the MEP Toll Road Pvt. Limited has already been obtained by the Company where it is categorically stated that Service Tax and liabilities related to Service Tax if raised by the Department during contract period or in future has to be paid by the Contractor. The likely liability of Service Tax etc. of the Contractor, if at all arises shall not exceed the amount of security deposit with the Company.

b) There being only one employee of the company eligible for retirement benefit, the provision for retirement benefits as applicable are accounted for on actual accrual basis on the assumption that he will retire on the reported date. The provision of retirement benefits are considered adequate and will not have any material impact had the same been determined on actuarial valuation in accordance with revised Accounting Standard-15.

c) Status regarding Micro, Small & Medium Enterprise of parties having credit balance is not obtained by the company.

d) The company had in earlier years paid Rs. 44.29 lakh to a consultant for preparation of feasibility study and preparation for detailed project report for construction of service road along Ahmedabad Vadodara Expressway. Pending construction work, the same amount has been booked as capital work- in- progress instead of being treated as fixed assets as per company's policy. The work is liable to be taken up a later stage.

e) The Government of India vide letter no. RW/NH/37011/55/2002-PIC(Pt) dated 22.6.2005 has approved the project of Improvement of Ahmedabad Vadodara Section of NH-8 from Km. 6.400 to Km. 104.00 in the State of Gujarat to be executed by SPV namely Ahmedabad Vadodara Expressway Company Limited (AVEXCL). The purpose of the project was to enhance the viability of Ahmedabad Vadodara Expressway by treating the Ahmedabad Vadodara Section of NH-8 road and the Ahmedabad Vadodara Expressway as one commercial corridor. Hence, the toll collection of Watrak plaza which is the part of NH-8 is treated as income of AVEXCL. As well as , the AVEXCL Board in its meeting dated 11th January,2010 has also approved the collection activity to be done by PIU-Ahmedabad i.e AVEXCL, Ahmedabad. As approved by competent Authority the toll collection at the Watrak plaza has been stopped w.e.f 1st July 2010, and the toll for the entire stretch i.e. from 6.400 Km to 104.00 Km is collected at the Vasad plaza by merging the Watrak section into it.

f) There is no Extension of Time and Variation order to be approved as on 31.3.2011 except the variation order of Operation & Maintenance contract of Ahmedabad Vadodara Section of NH-8 amounting to Rs. 30,77,452/- and variation order of Operation & Maintenance contract of Ahmedabad Vadodara Expressway amounting to 3,57,968/- which has been provided for during the year. However the company has not made any payment to the contractors towards pending variation orders and except extension of time of A.B.Infrastructure ,toll collecting agency on expressway from 6.8.2010 to 14.11.2010, R.R.Enterprise, toll collecting agency on Vasad from 16.6.2010 to 10.11.2010 and Sirius Informatics India Limited, Computer networking agency on expressway and Vasad from 1.7.2010 to 28.12.10 on expressway and till collecting agency on the basis of competitive bidding is mobilized at site for vasad plaza.

g) The company had adjusted an amount of Rs. 32.57 Lakhs from the due payment of M/s. Ketan Construction Limited who is the sub contractor of Ahmedabad Vadodara Expressway Phase-I as per the approval /direction received from AVEXCL Board vide its 42nd meeting held on 11th January, 2010. The company has not received any notice from the sub contractor till 31st March, 2011. The Board decided to review the rate of VO and also coordinates with the other PIUs of NHAI where the same contractor is working in NHAI's project for recovery of excess payment. NHAI has circulated on its website regarding recovery of Rs. 1.84 Crores to be done through all Project Offices of NHAI where P.T.Sumber Mitra Jaya is working.

h) All the expenditure related to salary and other establishment expenses amounting to Rs. 41,31,235/- as certified by Project Director, PIU-Ahmedabad, NHAI has been booked in the books of company and thereafter 75% of the yearly establishment expenses amounting to Rs. 34,87,255/- claimed from NHAI as per NHAI Circular no. 75/2004.Hence the net payable to NHAI is Rs.6,43,980.

i) The Company has paid retention money amounting to Rs. 42.50 lakhs against bank guarantee as per the contract clause 44.3 to M/s. Gujarat Construction Company, O&M Contractor of Ahmedabad Vadodara Section of NH-8.

j) Information required by paragraph 4A, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 are not applicable to the company.

k) The decision taken at 43rd Board Meeting of the Company held on 26.02.2010 regarding in principle decision to wind up the Company in view of the proposal of NHAI for Six lanning of Ahmedabad to Vadodara section of NH 8 and improvement Ahmedabad Vadodara Expressway was reviewed by the Board in the 44th Board meeting held on 30.06.2010. While considering all the facts, it was decided to defer the final decision for winding of the Company only after approval of concerned ministry. In furthermore to that the Board in its 49th meeting held on 28/06/2011 passed the following resolution:

"RESOLVED THAT the Company has no objection and accords its consent for NHAI to entering into the new concession agreement with the selected Bidder for execution of the project for six laning of Ahmedabad Vadodara Section of NH-8 (km. 6.400 to km. 104.00) and improvement of Ahmedabad Vadodara Expressway on BOT (Toll) on DBFOT basis."

"RESOLVED FURTHER THAT the Concession Agreement between AVEXCL and NHAI shall be valid and effective and AVEXCL shall continue to fulfil its obligations there under till the occurrence of Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder, and the Concession Agreement between AVEXCL and NHAI shall be terminated only when Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder is achieved."

"RESOLVED FURTHER THAT an unconditional undertaking has to be obtained from NHAI to indemnify AVEXCL for taking over all assets and outstanding claims/ dues/ liabilities both present and future as well as absorption of the existing employees of the Company in the respective cadre/post of NHAI before handing over the project to the new concessionaire and winding up formalities will be commence there after. "

"RESOLVED FURTHER THAT Dr. J.N.Singh, Chairman be and is hereby authorized to sign the No Objection Letter in favour of NHAI, consenting for NHAI entering into the new concession agreement with the selected Bidder and to do all other acts, deeds and things as may be deemed necessary and expedient for the aforesaid purpose."

In view of the above, Management is of the view that though a parallel decision to divest the company of its concession agreement by appointing another Concessionaire has been initiated separately, the date of culmination of the process being uncertain at this point of time, the Company considers itself fully in operation. Therefore the financial statements have been prepared on, going on concern basis.

l) Previous year's figures have been re-grouped / re-arranged wherever deemed necessary to make it Comparable with the figures of the current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

I. **Contingent Liabilities:** There is no other claim except mentioned as under against the company not acknowledged as debt:

a) The claims for a sum of Rs.122.34 crores (Previous Year Rs.122.34 crores) along with interest filed by a contractor for Phase II, which has been referred to Arbitration Tribunal. During the previous year the contractor has added one more claim / given a notice under clause 67 against the decision of company for levy of Liquidated Damages totaling Rs.10.88 crores.

b) The Arbitration Tribunal has declared award for the respondent to pay a sum of Rs. 54,94,200/- (including Rs. 2,24,738 for post construction period interest) to the claimant M/s Ranjit Construction Co. u/s 31(5) of the Arbitration and Conciliation Act 1996 on 23.5.2010. The amount shall be paid by the respondent to the claimant within sixty days from the date of the award failing this ,a simple interest rate of 12% per annum on the said amount is to be paid from the date of award till the payment thereof is made.

c) The claims against the company by the land owners having land situated near the site of expressway for loss of their earning due to construction of expressway- amount uncertainable.

II. **Capital Commitment (March 31, 2010)**

There is no contract remaining to be executed on Capital Account (Previous Year: Rs. 2. Crores)

III. **Unsecured Loans/ Current Assets (March 31, 2010)**

The amount received from NHAI is treated as long -term loan in terms of scheme of finance as approved by both the parties and shown under unsecured loan.

The net expenditure incurred during the year by the Company on behalf of NHAI is treated as amount receivable from NHAI and shown under current assets and the previous year balance brought forward is adjusted against the loan account.

IV. Segment Reporting (March 31, 2010)

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

V. **Related party**

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:.

a. The name of the related parties and relationships are given below:

<u>Name of the related party</u>		**<u>Relation</u> (March 31, 2011, 2010, 2009, 2008, 2007)**
National Highways Authority of India	:	Holding / Parent Body

<u>Key Management Personnel (March 31, 2010)</u>

Shri S.I.Patel	:	Chairman
Shri M.P. Sharma	:	Managing Director
Shri B.N.Singh	:	Director
Shri R.K.Singh	:	Director
Shri T.K. Chattopadhyay	:	Director
Shri L.P.Padhy	:	Director
Shri K.S. Money	:	Ex-CMD
Shri Didar Singh	:	Ex-Director

Shri H.C.Arora : Ex-Director

Shri S.K.Puri : Ex-Director

Shri S.K.Gupta : Ex-Director

b.) The details of transactions between Company and the related party viz., NHAI as prescribed by the Accounting Standard are given below: (March 31, 2010)

SI. No.	Nature of transaction	Holding / Parent Body Amt. Rs.		Ref: Schedule & Account Head of Accounts
		Current Year	Previous Year	
1.	Received Loans.	Rs. Nil	Rs. Nil	1.1 Unsecured Loans
2	Repayment of Loan	Rs. 58,12,54,267/-	Rs.80,83,57,459/-	1.1 Unsecured Loans
3.	Recoverable/Payable from/to NHAI (net of expenses)			
	Payment made/ Expenditure incurred by the company & NHAI on behalf of each other(Net)	Rs.1,62,05,081/-	Rs.22,36,116/-	
	Less:Toll Collection & Others (Vasad)	Rs.Nil	Rs.Nil	
	Less/(Add):Opening Balance Receivable/ (Payable)	Rs.Nil	Rs.Nil	
	Net Receivable/(Payable)	Rs.1,62,05,081/-	Rs.22,36,116/-	1.5 Loans & Advances
4.	Concession Fees	Rs.1/-	Rs.1/-	3.1 Administrative & Other expenses
5.	Interest on Loan (net)	Rs.11,89,53,000/-	Rs.25,20,14,550/-	3.2 Finance Charges

The Company does not have any transactions with other related parties except NHAI as referred above.

VI. **Leases (March 31, 2010)**

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Rs 1/- p.a. under and in accordance with the Concession Agreement and is classified as Operating Lease.

The information as per Accounting Standard-19, -"Leases" issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

i	not later than one year	Rs.1
ii.	later than one year and not later than five years	Rs. 4
iii.	later than five years	Rs. 12

b. Lease payment (concession fee) recognized in the statement of profit and loss for the year Rs. 1/- (Previous year Rs.1/-)

c. The company will build, operate the expressway (Phase- I and II) & improvement of NH-8 from Ahmedabad to Vadodara and will transfer the same to NHAI after the completion of 25 years from 01.04.2002.

VII. Taxation (March 31, 2010)

i. The following demands were made by the income tax department against the company:

Relating to Short/ Non deduction of Income Tax at source:

a. <u>Assessment Year 2003-04:</u>

The Company had made provision in the earlier years towards the interest liability for short/non deduction of TDS u/s 201(1A) of the Income Tax Act amounting to Rs.6,53,32,099/- and had preferred an appeal to the Income Tax Appellate Tribunal. The Appellate Tribunal substantially allowed the appeal filed by the Company and decreased the Interest liability to Rs. 2.02 Lacs. However, the Jt. Director of International Taxation levied penalty of Rs. 3.53 Crores for lower deduction of Tax in the same case against which the company filed an appeal with Commissioner of Income Tax who reduced penalty to Rs. 1.84 Crores including interest amounting to Rs. 10.41 lacs. The company had in earlier years received back the refund of Income Tax amounting to Rs. 4,85,77,398/- after withholding the liability of Rs. 1,84,05,373/- for penalty and Rs. 27,98,690/- against Demand for A.Y. 2006-07 The Company has preferred appeal with the Appellate Tribunal against the said penalty. Hearing fixed on 16th September 2010 at Ahmedabad. The Company has already booked the amount of penalty of Rs 1.73 Crore in the previous year.

Relating to Income Tax:

a. <u>Assessment Year 2003-04:</u>

The Company had made provision and paid in the earlier years Income Tax amounting to Rs.33,18,775/-. Matter has been decided in favour of the Company at ITAT. Appeal effect & refund is pending. They had also booked and paid an amount of Rs.25,00,000/- towards penalty imposed by the AO for the Assessment Year 2003-04.The CIT(Appeals), on appeal preferred, has deleted the penalty. The amount is still to be recovered from the department though it has not filed any further appeal.

b. <u>Assessment Year 2004-05 and 2005-06:</u>

For the Assessment Years 2004-2005 & 2005-2006, the returned loss has been reduced by the AO on account of disallowances of expenses/depreciation appeals have been filed/are in the process of being filed.

c. <u>Assessment Year 2006-07:</u>

During the last Financial year the company received intimation under section 143(1) (a) of the Income tax Act from ACIT, New Delhi determining a tax liability of Rs.27,98,690/-.The setoff of business loss against the income from other sources has not been considered while determining tax liability in the said intimation. The company has filed a rectification application for the same and as such no provision is considered necessary.

ii) Deferred Tax:

The company has following major components of Deferred Tax Asset and Liabilities:

Deferred Tax Assets

Provision for Employee Benefits

Unabsorbed Depreciation and business losses

Deferred Tax Liabilities

Depreciation and other differences in block of assets

Net Deferred Tax Assets

Computation of Deferred Tax Assets/(Liabilities)			
	Rs.	Rs.	Deferred Tax Asset/ (Liability) Rs.
Timing Differences due to Depreciation			
WDV as per Income Tax Act	3,628,118,090		
WDV as per Companies Act	5,083,518,603		
		(1,455,400,513)	(494,690,634)
Carried Forward Losses and Depreciation		1,859,648,325	632,094,466
Other Timing Differences			
Provision for Gratuity	323,143		
Provision for Leave Encashment	682,358		
Pension Contribution	165,881		
Office Rent	159,300		
		1,330,682	452,299
Net Deferred Tax Assets/(Liabilities) as on 31/3/2010			137,856,131

Deferred tax assets have not been recognized in the book of accounts as in view of the management, there is no virtual certainty of realization of such assets.

(viii) Earnings per Share (EPS)

		For the Year Ended

		March, 31
		2010
(a)	Before Extra Ordinary Items	0.64
(b)	After Extra Ordinary Items	0.64

(ix) General (March 31, 2010)

- The competent Authority has approved extension of time (EOT) up to 7th June 2004 to the contractor of Phase-II with the following conditions:

  a. The EOT up to 31.3.2004 which was earlier provisionally approved by the competent authority now approved without any liquidated damages.

  b. Final EOT w.e.f. 1.4.2004 up to 7.6.2004 was approved in the previous year with liquidated damages(LD) of Rs.10.88 crore @ Rs.16,00,000/- per day for 68 days as per contract agreement GCC clause no. 47.1 with LGE&C-NCC(JV) and payment of equivalent amount. To the said contractor has been withheld.

- There being only one employee of the company, the provision for retirement benefits as applicable are accounted for on actual accrual basis on the assumption that he will retire on the reporting date. The provision of retirement benefits are considered adequate and will not have any material impact had the same been determined on actuarial valuation in accordance with revised Accounting Standard-15.

- Status regarding Micro,small & Medium Enterprise of parties having credit balance is not obtained by the company.

- Miscellaneous income includes encashment proceeds of bank guarantees furnished by two contractors appointed for toll collection for non-performance and violation of terms of agreement amounting to Rs 40 lac in case of C-3 securities and Rs 22 Lac in case of Leo Security Services.

- The AVEXCL has paid Rs 44.29 Lakhs to the Consultant for preparation of feasibility study and preparation for detailed project report for construction of service road along Ahmedabad Vadodara Expressway. Pending construction work, the same amount has been booked as Capital work in progress instead of treated as fixed assets as per company's policy. Now, NHAI has decided to take up the work of six laning of Ahmedabad Vadodara Section of NH-8 and improvement of Ahmedabad Vadodara Expressway to be executed as BOT project. The work of the service road has also been included in final recommendation of the feasibility report for the BOT work. NHAI is in the process of inviting tender for the same work; hence this amount is treated as CWIP by the company.

- The Government of India vide letter no. RW/NH/37011/55/2002-PIC(Pt) dated 22.06.2005 has approved the project of improvement of Ahmedabad Vadodara section of NH-8 from Km 6.400 to Km 104.00 in the State of Gujarat to be executed by SPV namely Ahmedabad Vadodara Expressway Company Limited(AVEXCL). The purpose of the project was to enhance viability of Ahmedabad Vadodara Expressway by treating the Ahmedabad Vadodara section of NH-8 road and Ahmedabad Vadodara Expressway as one commercial corridor. Hence, the toll collection of watrak plaza which is the part of NH-8 is treated as income of AVEXCL. As well as , the AVEXCL Board in its meeting dated 11th January 2010 has also approved the collection activity to be done by PIU-Ahmedabad i.e AVEXCL, Ahmedabad. The Company has not paid any amount towards fixed assets of Watrak plaza. Hence, monetary value is not available and so not booked as fixed asset.

- There is no Extension of Time and Variation Order to be approved as on 31.03.2010 except the Operation and Maintenance Contract of Ahmedabad Vadodara Expressway and expenditure amounting to Rs 22,57,257 has been provided for during the year. However the company has not made any payment to the contractor M/s Ramky Infrastructure Limited.

- The company has adjusted the amount of Rs 32.57 Lakhs from the due payment of M/s Ketan Construction Limited who is the sub contractor of Ahmedabad Vadodara Expressway Phase I as per the approval/direction received from AVEXCL Board vide its 42nd meeting held on 11th January 2010. The company has not received any notice from sub contractor till 31.03.2010.

  Information required by paragraph 4A, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 are not applicable to the company.

- The Board at their 44th meeting held on 30.06.2010 in review of its earlier decision taken at the preceding meeting decided to take final decision to wind up the company only after the approval is received from the concerned Ministry in this regard.

- Previous year's figures have been re-grouped / re-arranged wherever deemed necessary to make it comparable with the figures of the current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

i.) Contingent Liabilities: Claims against the company not acknowledged as debt:

a. The claims for a sum of Rs.122.34 crores (Previous Year Rs.122.34 crores) along with interest filed by a contractor for Phase II, which has been referred to Arbitration Tribunal. During the current financial year the contractor has added one more claim / given a notice under clause 67 of the contract agreement against the decision of company for levy of Liquidated Damages totaling Rs.10.88 crores
b. The claims for a sum of Rs.2.81 crores (Previous Year Rs.2.81 crores) along with interest filed by a contractor for AUDA Ring Road, which has been referred to Arbitral Tribunal.
c. The claims against the company by the land owners having land situated near the site of expressway

ii) Capital Commitment (March 31, 2009)

There is no contract remaining to be executed on Capital Account. (Previous Year: Rs. 2 Crores)

iii) Unsecured Loans/ Current Assets (March 31, 2009)

The amount received from NHAI is treated as loan in terms of scheme of finance as approved by both the parties and shown under unsecured loan.

The net expenditure incurred by the Company on behalf of NHAI is treated as amount receivable from NHAI and shown under current assets.

iv) Segment Reporting (March 31, 2009)

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

v) Related party

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:

i) There are no related parties where control exits other than Holding/Parent body.

ii) The name of the related parties and relationships are given below:

Name of the related party		**Relation (March 31, 2009)**
National Highways Authority of India	:	Holding / Parent Body

Key Management Personnel (March 31, 2009)

Shri S.I.Patel	:	Chairman
Shri R.K. Singh	:	Managing Director
Shri H.C.Arora	:	Director
Shri T.K. Chattopadhyay	:	Director
Shri K.S. Money	:	Ex-Chairman & Managing Director
Dr.A.Didar Singh	:	Ex-Director
Shri S.K.Puri	:	Ex-Director
Shri B.N.Singh	:	Ex-Director
Shri S.K.Gupta	:	Ex-Director

iii.) The details of transactions between Company and the related party viz., NHAI as prescribed by the Accounting Standard are given below (March 31, 2009)

SI. No.	**Nature of transactions**	**Holding / Parent Body Amt. Rs.**		**Ref: Schedule & Account Head of Accounts**
		Current Year	**Previous Year**	
1.	Received Short-term Loans.	Rs. Nil	Rs. Nil	1.1 Unsecured Loans
2	Repayment of Loan	Rs. 80,83,57,459/-	Rs.55,00,00,000/-	1.1 Unsecured Loans
3.	Recoverable/Payable from/to NHAI (net of expenses)			
	Payment made/ Expenditure incurred by the company & NHAI on behalf of each other(Net)	Rs.22,36,116/-	Rs.6,15,18,285/-	
	Less:Toll Collection & Others	Rs.Nil	Rs.5,13,27,105/-	

	(Vasad)			
	Less/(Add):Opening Balance Receivable/ (Payable)	Rs.Nil	(Rs.2,05,825/-)	
	Net Receivable/(Payable)	Rs.22,36,116/-	Rs. 99,85,355/-	1.5 Loans & Advances
4.	Concession Fees	Rs.1/-	Rs.1/-	3.1 Administrative & Other expenses
5.	Interest on Loan (net)	Rs.25,20,14,550/-	Rs.27,29,36,047/-	3.2 Finance Charges

The Company does not have any transactions with other related parties except NHAI as referred above.

(vi) Leases (March 31, 2009)

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Rs 1/- p.a. under and in accordance with the Concession Agreement and is classified as Operating Lease.

The information as per Accounting Standard-19, -"Leases" issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

i.	not later than one year	Re 1
ii.	later than one year and not later than five years	Rs. 4
iii.	later than five years	Rs. 13

b. Lease payment recognized in the statement of profit and loss for the year Rs. 1/- (Previous year Rs.1/-)

c. The company will build, operate the expressway (Phase- I and II) & improvement of NH-8 from Ahmedabad to Vadodara and will transfer the same to NHAI after the completion of 25 years from 01.04.2002.

(vii) Taxation (March 31, 2009)

The following demands were made by the income tax department against the company:

Relating to Short/ Non deduction of Income Tax at source:

a. <u>Assessment Year 2003-04:</u>

The Company had made provision in the earlier years towards the interest liability for short/non deduction of TDS u/s 201(1A) of the Income Tax Act amounting to Rs.6,53,32,099/- and had preferred an appeal to the Income Tax Appellate Tribunal. The Appellate Tribunal partly allowed the appeal filed by the Company and decreased the Interest liability to Rs. 2.02 Lacs. However, the Jt. Director of International Taxation levied penalty of Rs. 3.53 Crores for lower deduction of Tax in the same case against which the company filed an appeal with Commissioner of

Income Tax who reduced penalty to Rs. 1.84 Crores including interest amounting to Rs. 10.41 lacs. The company has received back the refund of Income Tax amounting to Rs. 4,85,77,398/- after withholding the liability of Rs. 1,84,05,373/- for penalty and Rs. 27,98,690/- against Demand for A.Y. 2006-07 The Company has preferred appeal with the Appellate Tribunal against the said penalty.

Relating to Income Tax:

a. Assessment Year 2003-04:
The Company had made provision and paid in the earlier years Income Tax amounting to Rs.33,18,775/-. During the current financial year the Company has received penalty order u/s 271(1)(c) from ACIT, New Delhi for levying of penalty amounting to Rs.25,00,000/-. The company has preferred appeals with the appropriate authorities and in the meantime provided for the entire demand.

b. Assessment Year 2006-07:
During the year the company received intimation under section 143(1) (a) of the Income tax Act from ACIT, New Delhi determining a tax liability of Rs.27,98,690/-.The setoff of business loss against the income from other sources has not been considered while determining tax liability in the said intimation. The company has filed a rectification application for the same and as such no provision is considered necessary.

c. Assessment Year 2007-08
During the year the company received intimation for scrutiny proceeding under section 143(2) of the Act and requested to produce certain document which is under process.

The company has following major components of Deferred Tax Assets and Liabilities

Deferred Tax Assets	Amount (Rs.)
Provision for Employee Benefits	2,01,932/-
Unabsorbed depreciation and business loss	68,12,81,007/-
	68,14,82,939/-
Deferred Tax Liabilities	
Depreciation and other differences in block of assets	45,94,19,925/-
Net Deferred Tax Assets	22,20,63,014/-

In view of requirement of Accounting Standard-22 Accounting for Taxes on Income, deferred tax assets have not been recognized in the books of accounts.

(viii) Earnings per Share (EPS)

		For the Year Ended March, 31
		2009
(a)	Before Extra Ordinary Items	0.49

(b)	After Extra Ordinary Items	0.49

(ix) General (March 31, 2009)

a) The competent Authority has approved extension of time (EOT) up to 7th June 2004 to the contractor of Phase-II with the following conditions:

- The EOT up to 31.3.2004 which was earlier provisionally approved by the competent authority now approved without any liquidated damage.
- Final EOT w.e.f. 1.4.2004 up to 7.6.2004 was approved with liquidated damage (LD) of Rs.10.88 crores @ Rs.16, 00,000/- per day for 68 days as per contract agreement GCC clause no. 47.1.
- The company has shown the Liquidated Damages amounting to Rs. 10.88 crores in Party's Account pending decision of Arbitration Tribunal.

b) The request made by the contractors for the extension of time for the completion of the expansion of expressway i.e. AUDA Ring Road Project and improvement of NH-8 from Ahmedabad to Vadodara are also under consideration. Hence, no accounting entry for impact of liquidated damages has been made in the books of accounts.

c) Variation in bill of quantity relating to AUDA Ring Road is under approval with the Variation committee. Pending approval, the AUDA Ring Road has been capitalized by full value of the bill as passed by Consulting Engineers, However, upon final approval of the variation Committee, the value of the assets and liability corresponding to the asset may undergo a change. However, the amount of variation cannot be quantified.

d) Manager (MC-II) vide letter no. NHAI/12011/2007-Vig./26 dated 3rd February 2009 has informed that the competent authority on the basis of the investigation conducted by the vigilance division has ordered for termination of contract of M/s. C-3 security after making necessary arrangement for an alternative agency to take up the toll fee collection work. Accordingly, company has terminated the contract of C-3 Security and engaged new agencies for the same.

e) There being only one employee of the company, the provision for retirement benefits as applicable are accounted for on actual accrual basis on the assumption that he will retire on the reporting date. The provision of retirement benefits are considered adequate and will not have any material impact had the same been determined on actuarial valuation in accordance with revised Accounting Standard-15.

f) Most of the parties having credit balances have not yet informed about their status of SSI units and as such the required information cannot be disclosed.

g) Information required by paragraph 4A, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 are not applicable to the company.

h) There is change/addition in accounting policy of the Company in respect of revenue reorganization (other income) Depreciation (tree plantation) and Taxation (provision for income tax).However, there is no financial impact of such changes on the financial statement of the Company for the year ended 31st March, 2009.

i) Previous year's figures have been re-grouped / re-arranged wherever deemed necessary to make it comparable with the figures of the current year.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	**2013**	**2012**	**2011**	**2010**	**2009**
Earning per share (Basic/Diluted) (Rs.)	(10.79)	1.59	1.16	0.64	0.49
Return on net worth (%)	-3031.70%	14.29%	12.15%	7.68%	6.36%
Net asset value per equity share (Rs.)	0.36	11.14	9.55	8.39	7.74
Weighted average number of equity shares outstanding during the year / period (in crore)	31.29	31.29	31.29	31.29	31.29
Total number of share outstanding at the end of the year / period (in crore)	31.29	31.29	31.29	31.29	31.29
Debt Equity Ratio	0.42	0.24	0.49	0.88	1.10

Notes:

The ratios have been computed as below:

Earning per Share (`) = Profit after tax / Number of equity shares at the end of the year.

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity shares outstanding at the end of the year.

Debt equity = Total Debt outstanding at the end of the year / Net worth at the end of the year.

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports **Annexure-VIII**
Year ending March 31, 2013

1. Basis for qualified option

I. The auditee company claims to have divested itself only productive assets i.e. Highways w.e.f.1st January, 2013 leaving no business asset. In terms of SA 570 (Revised) on "Going Concern" issued by the Institute of Chartered Accountants Of India, in such a situation the auditee company cannot be treated as a Going Concern as claimed by it. The auditee company has also neither informed us of nor claims to nor claims to possess any alternative plan for revival/restarting any business/commercial activity in future within the objects prescribed in its Memorandum of Association.

II. Though for the last two years the proposal of NHAI to find direct concessionaire for the Highways under the auditee company and for the liquidation of the latter has been under consideration , the Board suddenly in its meeting held on 25th June, 2013 decided to handover the Highways to NHAI to be further handed over to the newly selected concessionaire which is against its earlier decisions to transfer the entire Undertaking, lock, stock and barrel, to NHAI on its furnishing an undertaking to the auditee company to liquidate/meet all the existing and future liabilities of the auditee company without satisfactory explanation.

The Highways are stated to have been physically handed over to NHAI on 1st January, 2013 by the auditee Company; however, no document for the actual handing over/ taking along with inventory has been produced before us.

While the Highways comprising Rs 42,879.71 Lacs of the auditee company total investment were handed over without any consideration to NHAI, it had during the year amounts aggregating to Rs 7,905.00 Lacs towards the loan from NHAI. This transaction of transferring the asset of the book value of Rs 42,879.71 Lacs written off in the books of account has resulted in a loss of Rs 3374.87 Lacs to the auditee company as against profit of Rs 8971.13 Lacs it generated for the nine month period 1st April, 2012 to 31st December, 2012 from operations.

III. The auditee company has paid advance tax aggregating to Rs 1,800.00 Lacs for A.Y. 2013-14 {F.Y. 2012-13} including Rs 900.00 Lacs in December, 2012 and Rs 300.00 Lacs in March, 2013. No explanation has been given why advance tax has been paid after the only earning asset had been handed over. As a result of the above transaction, while the nt worth of the auditee company has been reduced to a figure of Rs 1,113.00 Lacs as against the opening balance of Rs 34,855.87 Lacs, the auditee company has failed to provide any explanation as to how the existing and contingent liabilities including in respect of income tax claims for various years, pending variation orders/ suits filed by the contractors as disclosed in the accounts and noted thereto shall be met.

IV. During the year several claims in respect of variations have been approved/ taken decision on, such as M/s Ramky Infrastructure Ltd, M/s Kalthia Engineering and Construction Ltd, M/ P T Sumber Mitra Jaya etc. Some of these had been pending for very long time. In the case i.e. of M/s P T Sumber Mitra Jaya variation order claim of Rs 159.00 Lacs has been accounted for as approved against the claim of Rs 220.29 Lacs, relating to the original Phase-I construction of the Highways and which had been pending for almost ten years as explained to us. An amount of rupees more than Rs 220.29 Lacs had been lying pending recoverable for the said party on account of excess payment made initially and remaining non-recoverable; and as the said party was not allegedly traceable an amount of Rs 32.57 Lacs had been adjusted against this and recovered from M/s Ketan Construction Ltd book entry which was, as informed, a sub contractor of M/s P T Sumber Mitra Jaya during the construction period of Phase-I .Further, an amount of Rs 184.05 Lacs received as refund from Income Tax Department was adjusted the financial statements for the year ended 31st March, 2012 as disclosed at Note no. 10 to the Balance Sheet as approved by the Board and commented by us. Now on approval of the varation order, the amount transferred from M/s Ketan Construction Ltd has been restored back to the said party and the balance amount recoverable from M/s P T Sumber Mitra Jaya squared off by adjustment of Rs 57.93 Lacs from NHAI-PIU Karur. All this has been booked to the asset which has now been claimed to have been transferred to NHAI at NIL value.

The variation approved by the auditee company includes an item "Rate Signs (17.01A A)" for which NHAI has approved rate of Rs 4,342 and the claim of the party M/s P T Sumber Mitra Jaya at Rs 13,521 has been accepted, leading to a variation {difference} claim of Rs 124.90 Lacs in favour of M/s P T Sumber Mitra Jaya only in respect of appeal has been filed against it.

V. The auditee company has received a demand of Rs 889.67 Lacs for A.Y.2012-13 from the Income Tax Department and shown under contingent liabilities. The auditee company has also not produced any evidence to show that any appeal has been filed against it.

Similarly the Income Tax matter for A.Y. 2007-8 initiated vide notice dated 18th March, 2013 has not been disclosed anywhere. The proposal of the department is to make an addition of Rs. 4306.00 Lacs to the assessment already completed at a loss of Rs 3822.00 Lacs

VI. While advance tax of Rs 1,800.00 Lacs for A.Y. 2013-14 has been paid, no provision for tax has been made in the accounts. The negative result in the statement is mainly on account of transfer of business assets of Rs. 42,879.71 Lacs and no brought forward losses have been allowed by department for A.Y. 2012-13

VII. Non- provision of employee benefits in accordance with Accounting Standard-15 for Employee Benefits.

VIII. Adjustments arising in the current period that are not a result of errors or omissions in the preparation of the financial statements of one or more prior periods but on account of crystallization during the year are shown as 'prior period items' which is contrary to Accounting Standard-5 on Net profit or loss for the period, prior period items and changed in Accounting Polices; for examples, depreciation of Rs. 60.23 Lacs an account of amount debited to fixed assets consequent to variation order approved during the year has been shown as a prior period item (Note 20 of financial statements).

IX. "Other income" at **Note no. 15** income Rs 184.05 Lacs shown as Income Tax refund. This amount was received in the previous year and reflected in the financial statements by reducing the figure of loans and Advances and also commented upon by us in our precious year audit report at paragraph 4 (c); this has now been shown as Income Tax Refund under "other income" instead of disclosing it as prior-period adjustment (Income).

X. At **Revised Note No 6** to the Notes to accounts forming part of the financial statements of the auditee company has disclosed lease payments payable for the next 5 years and thereafter, whereas no such payments are to be made as all the project assets are claimed to have been transferred.

XI. At **Revised Note No. 2(a)** to the Notes to accounts forming part of the financial statements of the auditee company has reproduced resolutions passed at the 58th Meeting of the Board of Directors held on 25th June, 2013 which state that "Asset value of Rs 428.35 crores appearing in the books of AVEXCL AS AT 31.12.2012 transferred to NHAI with a NIL (Zero) value". However, the value of assets transferred at NIL value is Rs 428.79 crores.

XII. Some of the balances under the head long-term loans and Advances and Current Liabilities are subjected to reconciliation and confirmation. The reconciliation may have effect on the Profit/Loss and Assets/Liabilities of the company for year ended 31st March 2013, the impact of which cannot be quantified at this stage.

XIII. Non-disclosure regarding non-recognition of income from a re-concession agreement arrangement between NHAI and a third party, amount unascertainable,

XIV. Status regarding micro, small or medium enterprises of parties having credit balance is not obtained by the company.

XV. the figures reported in the financial statements are in 'rupees in Lacs' wherefrom it is noticed that there are some mistakes in the individual figures and sub-totals in the unit pLacse of the decimal figures (overstated/understated by Rs.0.01 Lacs/Rs0.02 Lacs) which have not been rectified.

Annexure to the Auditor's Report

i) a) The only productive assets of Auditee Company have been transferred during the year adversely affecting its going concern status as reported at **revised paragraph I.i** of our report.

ii) The auditee company has not undertaken any transaction during the year relating to purchase of inventory and sale of goods except activity of toll collection for use of Ahmedabad Vadodara Expressway and National Highway 8 from Ahmedabad to Vadodara. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of auditee company and the nature of its business for the purchase of fixe assets and toll collection except:

(a) The auditee company simply functions as a unit of NHAI wherein decisions taken by NHAI are given effect to without timely and due procedure being followed by the auditee company; for example at the Board Meeting of the auditee company held on 25th June 2013 the auditee company has stated that the two Highways be transferred to NHAI at Nil value with retrospective effect from 1st January 2013 whereas documents given to us during our audit shows that in December 2012 NHAI had already written to M/S IRB Infrastructure Developers Ltd and M/s MEP Infrastructure Developers Pvt. Ltd for transfer of the two Highways w.e.f 1st January 2013.

(b) A further extension of three month granted to MEP Infrastructure Developers Pvt. Ltd. Transferring the auditee company right to collect user fee along the Ahmedabad Vadodara Expressway Co Ltd. On expiry of earlier EOT period ending 21 October 2012 along with increment of % in the fixed fee amount receivable by the auditee company. Instead of inciting fresh bids the auditee company reappointed the above said party as decided in the 54th Board meeting held on 14th June 2012.

(c) Instances of delay in approval of Extension of Time (EOT) in relation to Toll collecting agency; example: in case of M/s IRB Infrastructure Developers Ltd. EOT fro 27th November 2012 was ratified by the Board of Director at the meeting held on 13the December 2012.

(d) The software in use by the parties to who the right to collect user fee has bee transferred does not allow access to toll collection data to the prior days, which information is necessary ad useful to fix the base benchmark price while floating tenders for appointment of parties on a fixed fee basis or while granting extensions to existing parties. During the year extensions were given to the two parties to who the auditee company right to collect user fee was transferred with transferred with increments of 7%, 1%, 6% to M/s MEP Infrastructure Developers Pvt, Ltd and 6% rise, 27% decline to M/s IRB Infrastructure Developers Ltd. Without data of toll actually being collected, it is not possible to form an opinion whether the incremental increase/decrease is commercially justifiable or not.

(e) The internal auditors in their report for the period ended December 2012 have given details of excess quantities considered in Interim Payment Certificates for various contractors implying that payments are being approved for quantities in excess of the approved quantities, a procedure having various financial and internal control implications.

Year ending March 31, 2012

1. Further to our comments in 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 purpose of audit **except details relating to**:

(a) Possible liabilities of service tax in respect of fixed fee received from parties to whom the company has transferred its rights to collect user fee along the Ahmedabad Vadodara Expressway and National Highway 8. The likely liability in case the parties claim that the amount paid is inclusive of service tax is Rs. 1047.43 Lacs;

(b) Preparation and presentation of the financial statements biting Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement reported upon ongoing concern basis when NHAI, the lesser and holding entity, has separately indentified a new concessionaire and executed an agreement with it to replaces the Auditee Company:

(c) Refund of Rs. 184.05 Lacs received from the income tax department reflected in the financial statements by reducing the amount receivable from a contractor (at Note 10 of Long Term Loans and Advances) having the effect at accounting the receipt of income tax refund as a recovery from the contractor; further at the explanatory note 10.1, the company continues to disclose that an amount of Rs. 184 Lacs is still recoverable from the said contractor;

Where complete, updated and adequate information though called for has not been made available to us till date to enable us from an opinion.

ii. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of the section 211 of the Companies Act, 1956, **except**

(a) **Non-provision of employee benefits in accordance with Accounting Standard – 15 for Employee Benefits.**

(b) **Adjustments arising in the current period that are not a result of errors or omissions in the preparation of the financial statements of one or more prior periods but on account of crystallization during the year are shown as 'prior period items' which is contrary to Accounting Standard – 5 on Net Profit or Loss for the period, Prior Period items and Changes in Accounting Policies, as such. During the year depreciation of Rs. 52.31 Lacs on account of amount debited to fixed assets consequent to an arbitration award against the company given and accepted during the year has been shown as a prior period item (Revised Note 20 of financial statements);**

iii. On the basis of written representations received from Directors as on March 31st, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2012 from being appointed as a Director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.

iv. We further report that:

(a) **Some of the balances under the head Trade Receivables, Long-term Loans & Advances and Current Liabilities are subject to reconciliation and confirmation. The reconciliation may have effect on the Profit/Loss and Assets/ Liabilities of the company for the year ended 31st March, 2012, the impact of which cannot be quantified at this stage.**

(b) **Non-accounted of amounts received by NHAI on behalf of the company in respect of performance security deposit amounting to Rs. 446.50 Lacs and sale proceeds of bid documents amounting of Rs. 1.00 Lacs during the year. This has resulted in over statement of loan from NHAI by such amounts, under-statement of liabilities to the tune of Rs. 446.50 Lacs, under-statement of income by Rs. 1.00 Lacs overstatement of interest payable/paid to NHAI amounting to Rs. 22.01 Lacs with consequential effect on tax liability;**

(c) **Non-provision of Rs. 220.00 Lacs (Including Rs. 32.57 Lacs adjusted against another party), being amount of claim of M/s P T Sumber Mitra Jaya as accepted by the board of directors at the meeting held on 29th November 2011 (item no. 5d). consequently assets have been over-stated by Rs. 220.00 Lacs and profit for the year overstated by equivalent amount; further, another claim of Rs. 128.00 Lacs mentioned under the said item has not been disclosed as contingent liabilities;**

(d) **The Company continues to show an amount of Rs. 44.29 Lacs as capital work-in-progress from financial year 2007-08 onwards. This amount represents payment to a consultant for preparation of a Detailed Project Report for construction of service road along the Ahmedabad Vadodara Expressway. Adequate and satisfactory information/ explanation has not been furnished to us to continue to show this expenditure as capital work-in-progress. In our opinion, this amounts needs to be suitably provided for. The assets presently are overstated by Rs. 44.29 Lacs and profits overstated by an equivalent amount;**

(e) **Non-disclosure regarding non- recognition of income from a pre- concession agreement arrangement between NHAI and a third party, amount unascertainable;**

(f) **Non-provision for impairment of assets as per Accounting Standard – 28 for Impairment of Assets – amount not ascertainable;**

(g) **Status regarding micro, small or medium enterprises of parties having credit balance is not obtained by the company;**

(h) **The figures reported in the financial statements are in 'rupees in Lacs' wherefrom it is noticed that there are some mistakes in the individual figures and sub-totals/totals in the unit places of the decimal figures (overstated/ understated by Rs. 0.01 Lacs) which have not been rectified.**

ANNEXURE TO THE AUDITORS'REPORT

i. (a) The loan taken previously from NHAI is an interest bearing loan as per the information and explanations given to us, the rate of interest is prima facie not prejudicial to the interest of the company.

However, while computing the interest payable to NHAI on the outstanding principal amount, expenditure incurred at various dates on behalf of NHAI is not reduced from the principal outstanding which results in a higher interest liability.

ii. The Company has not undertaken any transaction during the year relating to purchase of inventory and sale if goods except activity of toll collection for use of Ahmedabad Vadodara Expressway and National Highways- 8 from Ahmedabad to Vadoddara. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of fixed assets and toll collection except:

a. Certain contracts/agreements having major financial impact entered Into on the basis of decisions taken by NHAI and thereafter simply followed by the auditee company: Example: i) Agreement with MEP Infrastructures Developers Pvt. Ltd.(erstwhile MEP Toll Road Pvt.Ltd.) transferring the company's right to collect user fee along the Ahmedabad Vadodra Expressway to the party against a fixed weekly amount of Rs. 197.19 Lacs for a three month period; agreement entered into on 20th January 2012 and ratified by the Board of Directors at the meeting held on 27the March 2012.

ii) Extension of one month granted to above party (on expiry of agreement period on 28 December 2011) along with increment only of 8.5 % in the fixed fee amount receivable by the auditee company on the basis of a letter of NHAI dated 24th December, 2011 instead of inviting fresh bids as decided in the 51st Board meeting held on 21st November, 2011.

b. Instances of delay in approval of Extension of Time (EOT) and Variation Orders by the competent authority in relation to contractors' expenditure.[Example: In case of Remky Infrastructure Pvt. Ltd. EOT from 1st June 2011 to 31st December 2011 and ratified by the Board of Directors at the meeting held on 28th June 2011.]

c. The software in use by the parties to whom the right to collect user fee has been transferred does not allow access to toll collection data of the prior days, which information is necessary and useful to fix the base benchmark price while floating tenders for appointment of parties on a fixed fee basis.

d. For the bidding of toll plazas on Ahmedabad Vadodara Expressway, only two bidders had participated namely, M/s Konark Infrastructure Pvt Ltd and M/s MEP Infrastructure Developers Pvt Ltd (erstwhile MEP Toll Road Pvt Ltd) and it was to the highest bidder MEP Infrastructure Developers Pvt Ltd. Since only two bidders had participated there are chances of bidding at non-competitive prices.

e. For appointment of a party for user fee collection on National Highways No.8, only five bidders had participated namely IRB infrastructure Developers Ltd. MEP Infrastructure Pvt Ltd (erstwhile MEP Toll Road Pvt Ltd) , Sahakar Global Ltd (no financial Bid Opened), Sangam India Ltd and Shri Krishna Khandsari Sugars Mills (no financial Bid opened). Out of the three bidders of whom the financial bids were opened included related parties, namely MEP Infrastructure Developers Pvt. Ltd. and IRB Infrastructure Developers Ltd both having a common director and quoting rates having significant differences. Considering bids from related defeats the purpose for which, the bidding exercise undertaken.

f. For the period the toll was being collected by the auditee company itself:

i) Absence of an efficient system to reconcile the number of vehicles entering and those exiting from the toll plazas, indicating possible revenue leakages due to toll tickets not being taken back at exits;

ii) Absence of boom barriers at the toll plazas.;

iii) Villagers from neighboring areas are allowed entry and exit without collection of toll from them and possibility of allowing others without collection of toll;

g. As per Clause 23(e) of contract agreement it is required to submit a daily accident report by facsimile or e-mail and weekly and monthly summary of such stating accidents and unusual occurrences. However, M/s. MEP Infrastructure Developers Pvt. Ltd. (erstwhile M/s. MEP Toll Road Pvt. Ltd) and M/s. IRB Infrastructure Developers Ltd are furnishing only monthly reports of the same to the company.

Year ending March 31, 2011

i. In Auditor's opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of the section 211 of the Companies Act, 1956 except

(a) Non- disclosure of change in the method of computing interest liability on unsecured loan from the parent body having a material financial impact. For the current financial year it is based upon borrowing cost to the lender, whereas in the previous year it was based upon the average rate of interest on bank deposits. This non-disclosure does not comply with the requirements of Accounting Standard – 1 for Disclosure of Accounting Policies which requires any change having a material effect to be disclosed along with its financial impact. The change in the method of computing interest liability has resulted in payment of higher interest by Rs. 8,75,25,555 (rate applied for current financial year based on borrowing cost is 10.50% p.a. whereas, the rate based on earlier method would have been 6.10% p.a.);

(b) Non-provision of employee benefits in accordance with Accounting Standard - 15 for Employee Benefits, refer **Revised Note No 9 (b)** for Notes to Accounts;

(c) Write back of liability/ provisions regarding contractors' bills/ claims for expenses booked in earlier financial years and approved during the current year as no longer payable are shown under the head 'prior period adjustments' which is contrary to Accounting Standard - 5 on Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, as such adjustment arising in the current period is not as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. During the year an amount of Rs. 21,79,087 has been written back (**Revised Note No. 20** of financial statements);

ii. Auditors's further report that:

(a) Some of the balances under the head Loans & Advances and Current Liabilities are subject to reconciliation and confirmation. The reconciliation may have effect on the Profit/Loss and Assets/ Liabilities of the company for the year ended 31st March, 2011, the impact of which can not be quantified at this stage.

(b) Debtors are understated by an amount of Rs. 4,36,652 (shown at Rs. 62,39,173 instead of Rs. 66,75,825 as per agreement with MEP Toll Road Pvt. Ltd. and confirmation received from them) with the corresponding effect of profit understated by an equivalent amount.

(c) There are arbitration cases filed by a contractor against the company amounting to Rs.1,33,22,38,099 (including Rs.10,88,00,000 for liquidated damages) shown as contingent liabilities by the company in Notes to Accounts [refer **Revised Note No. I (a)** for Notes to Accounts]. In our opinion, provision should be made for liability considered to be certain/ probable out of this amount in the books of account by the management of the company.

(d) Non-provision of excess amount paid previously to a contractor amounting to Rs.2,16,93,264 outstanding for last several years and unilateral adjustment of Rs.32,57,514 therefrom in the previous year with another party without latter's consent; thus, overstating the Profit and Loss Account balance by Rs.2,16,93,264 and understating the liabilities by Rs.32,57,514 and incorrectly stating the assets.

(e) Short term improvement and maintenance expenditure aggregating to Rs. 3,57,968 and Rs. 30,77,452 for work carried out by M/s Ramky Infrastructure Ltd. and M/s Gujarat Construction Company respectively, for which variation orders have not been specifically approved have been accounted for by the company. These may undergo changes on approval and consequently change the amount of expenditure, thus affecting the profit/loss of the company.

(f) The company continues to show an amount of Rs. 44, 29,489 as capital work-in-progress from financial year 2007-08 onwards. This amount represents payment to a consultant for preparation of a Detailed Project Report for construction of service road along the Ahmedabad Vadodara Expressway. Adequate and satisfactory information/ explanation has not been furnished to us to continue to show this expenditure as capital work-in-progress. In our opinion, this amount needs to be suitably provided for. The assets presently are overstated by Rs. 44,29,489 and profits overstated by an equivalent amount.

(g) Non-disclosure of the fact that the fixed amount collected as Contract Fee in respect of Expressway has been accounted for on accrual basis in the absence of an accounting policy.

(h) Non-disclosure regarding non- recognition of income from a pre- concession agreement arrangement between NHAI and a third party; amount unascertainable.

(i) Non-provision for impairment of assets as per Accounting Standard - 28 for Impairment of Assets amount not ascertainable.

(j) Status regarding micro, small or medium enterprises of parties having credit balance is not obtained by the company.

ANNEXURE TO THE AUDITOR'S REPORT

(i) The loan taken previously from NHAI is an interest bearing loan and as per the information and explanations given to us, the rate of interest is prima facie not prejudicial to the interest of the company. **However, while computing the interest payable to NHAI on the outstanding principal amount, expenditure incurred at various dates on behalf of NHAI is not reduced from the principal outstanding which results in a higher interest liability**.

(ii) The Company has not undertaken any transaction during the year relating to purchase of inventory and sale of goods except activity of toll collection for use of Ahmedabad Vadodara Expressway and National Highway- 8 from Ahmedabad to Vadodara. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of fixed assets and toll collection except :

a. Certain contracts/ agreements having major financial impact entered into on the basis of decisions taken by NHAI and thereafter simply ratified by the company's Board of Directors [example: agreement with MEP Toll Road Pvt. Ltd. transferring the company's right to collect user fee along the Ahmedabad Vadodara Expressway to the said party against a fixed amount of Rs. 81,00,00,000 for a 12 month period; agreement entered into on 27th December 2010 and ratified by the Board of Directors at the meeting held on 24th January 2011.

b. Certain assignments awarded directly by NHAI without being considered/ ratified by the company's Board of Directors. Further, assignment awarded without prior agreement on its total value [example, an assignment was awarded for carrying out a continuous 24 hour traffic census on 14th - 15th August 2010 at the toll plazas along the Ahmedabad Vadodara Expressway and National Highway-8, wherein the amount billed was Rs. 33,97,680 and later passed for payment of Rs. 9,88,067]. Moreover, traffic census carried out on 14^{th}- 15^{th} August, in our opinion, would not produce a representative result and the amount spent on carrying out this census may not prove to be fruitful.

c. Instances of change in signatories for operating the bank account not duly approved, authorized and minuted at meetings of the Board of Directors of the company.

d. Instances of delay in approval of Extension of Time (EOT) and Variation Orders by the competent authority in relation to contractors' expenditure and in one case payment has been released to Gujarat Construction Company amounting to Rs 30,77,452 without clear-cut and specific approval by the company's Board of Directors.

e. Instances observed of delay in depositing the toll collections by the toll collection agencies, resulting in loss of revenue (interest loss on delayed period) to the company.

f. Non- functioning of AVCC system control checks to avoid leakage at toll plazas for non-renewal of arrangement thereof/ installation of alternate system based visual checks.

g. Absence of an efficient system to reconcile the number of vehicles entering and those exiting from the toll plazas, indicating possible revenue leakages due to toll tickets not being taken back at exits.

h. Absence of boom barriers at the toll plazas.

i. Villagers from neighboring areas are allowed entry and exit without collection of toll from them and possibility of allowing others to use the Expressway without collection of toll.

There is continuing failure to correct the above major weaknesses in the internal control system.

(iii) The company has an internal audit system commensurate with the size and nature of its business. However, it is noticed that all issues have not been adequately addressed by the company.

(iv) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management, except, in one case where a personnel of the toll collection agency possessed manual tickets unauthorized found on him.

Year ending March 31, 2010

i. In Auditor's opinion the Balance sheet, Profit and Loss account and 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 except

a) Non provision of employee benefit in accordance with Accounting Standard-15 for Employee Benefits, refer **Revised Note No. (ix)** of Notes to Accounts;

b) Non –provision of impairment of assets as per Accounting Standard 28 for impairment of Assets – amount not ascertainable;

c) Accounting of contractors' claims, that include price variation/escalation, or adjustments in contractors' bills, approved during the current financial year for works carried out in earlier financial years as a prior period item which is contrary to Accounting Standard 5 on Net Profit or

Loss for the period, Prior Period items and Changes in Accounting Policies , as such income or expense arising in the current period is not as a result of errors or omissions in the preparation of the financial statements of one or more prior periods;

ii. Auditor's further report that:

a) The balances under the head loans and advances and current liabilities are subject to reconciliation and confirmation. The reconciliation may have effect on the Profit/ Loss and Assets/Liabilities of the company for the year ended 31st March, 2010, the impact of which can not be quantified at this stage.

b) No accounting entry for impact of liquidity damage of Rs. 10,88,00,000 has been made in the books of account by the Company in respect of Ahmedabad Vadodara Expressway Phase II. The profit of the company is understated by the above amount.

c) There are arbitration cases filed by the contractors against the company amounting to Rs. 122,34,38,099 are shown as contingent liabilities by the company in notes to accounts. In our opinion, provision should be made for liability considered to be certain/ probable out of this amount in the books of account by the management of the company.

d) Non-provision of excess amount paid to a contractor amounting to Rs.2,16,93,264 outstanding for last several years and unilateral adjustment of Rs.32,57,514 there from with another party without latter's consent; thus, overstating the Profit by Rs.2,16,93,264 and understating the liabilities by Rs.32,57,514 and incorrectly stating the assets.

e) Maintenance expenditure aggregating to Rs. 22,52,257 for work carried out by M/s Ramky Infrastructure Ltd. for which variation order has not been approved have been accounted for by the company. This may undergo change on approval and consequently change the amount of expenditure, thus affecting the profit/loss of the company.

f) Invoice of M/s. Leo Security Services (engaged for toll collection) for June 2009 (15 day period from 1.6.2009 to 15.6.2009) has not been accounted for. Expense amount is unascertainable as the Invoice could not be shown to us; based on the Invoice of May 09, the expense is estimated at Rs. 5,50,000 approximately.

g) Status regarding Micro, Small or Medium Enterprise of parties having credit balance is not obtained by the company.

ANNEXURE TO THE AUDITOR'S REPORT

(i) The loan taken from NHAI is an interest bearing loan and is prima facie not prejudicial to the interest of the company. **However, while computing the interest payable to NHAI on the outstanding principal amount, expenditure incurred at various dates on behalf of NHAI is not reduced from the principal outstanding which results in a higher interest liability**.

(ii) The Company has not undertaken any transaction during the year relating to purchase of inventory and sale of goods and service except Toll Collection for use of Ahmedabad Vadodara Expressway and National Highway- 8 from Ahmedabad to Vadodara. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of fixed assets and toll collection except in respect of the following:

a. There is delay in approval of Extension of Time (EOT) and variation orders by the competent authority in relation to contracts for both capital and revenue expenditure (which, we have noticed, have been done in some cases after five years after completion of the work with regard to which payment had already been released).

b. **Lack of Installation of AVCC system control checks to avoid leakage at toll plazas.**

c. **Absence of an efficient system to reconcile the number of vehicles entering and those exiting from the toll plazas.**

d. **Absence of boom barriers at the toll plazas.**

e. **Villagers from neighboring areas are allowed entry and exit without collection of toll from them and possibility of allowing others to use the Expressway without collection of toll.**

f. **There is continuing failure to correct the above major weaknesses in the internal control system.**

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management, except, however, that during the year, as informed to us , that on the basis of investigation carried out, contracts of two parties **engaged for toll collection were terminated for non performance and violation of terms of agreement and their bank guarantee amounting to Rs. 40,00,000 and Rs. 22,00,000 were encashed by the Company.**

<u>**Year ending March 31, 2009**</u>

i. In Auditor's opinion the Balance sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards issued by The Institute of Chartered Accountants of India referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except (a) non provision of employee benefit in accordance with Accounting Standara-15 (revised) refer Revised Note No. (ix-b) of Notes to Account; (b) non provision of taxation –deferred as per AS-22 'Accounting for taxes on income' refer to para number (xiv) in schedule 4 of 'Significant Accounting Policies and Notes to Accounts' and (c) non provision of additional / auxiliary / balance work amounting to Rs. 55 lacs (approx) executed up to 31st March, 2009 in respect of Improvement of NH-8 from Ahmedabad to Vadodara as per AS-29 "Provision, contingent liabilities and contingent Assets" and As 28 non provisional consideration of impairment of assets – amounts not ascertainable.**

ii. **Auditor's further report that:**

a) **The impact of accounting entry for following liquidated damages for delay in completion of contracts by the contractors have not been made in the accounts as per terms and conditions of contracts executed with the respective contractors since request for extension of time for completion is stated to be pending for approval with the company.**

i) **Rs. 80,000/- per day for delay in completion of Auda Ring Road project (Total liquidity damage amounted to Rs. 1,31,30,000/-)**

ii) **Rs. 4,79,700/- per day for delay in completion of improvement of NH-8 from Ahmedabad to Vadodara. (Total liquidity damage amounted to Rs. 9,59,40,000/-)**

b) **The exact cost of AUDA Ring Road Intersection and Improvement of NH8 from Ahmedabad to Vadodara , current liabilities, depreciation for the year / accumulated depreciation thereon and loss for the year / accumulated depreciation thereon and profit / loss for the year accumulated depreciation thereon and loss for the year / accumulated loss thereon will undergo a change on:**

i) **The receipt of the final bill from the contractors of AUDA Ring Road Intersection and Improvement of NH8 from Ahmedabad to Vadodara**

ii) **Approval of variation orders pending as on 31st March, 2009 provided for in respect of for AUDA Ring Road Intersection aggregating to Rs. 67,05,760/- by the Competent Authority. (previous year 66,25,259/-)**

c) **No provision for additional / auxiliary / balance work amounting to approx Rs. 55 lacs (previous year Rs. 55 Lacs) executed upto 31st March, 2009 for the Improvement of NH8 from Ahmedabad to Vadodara project has been made in the accounts, as the same has yet not been verified and certified by the engineer. Thus cost of improvement of NH8 from Ahmedabad to Vadodara and accumulated depreciation thereon will get enhanced upon the accounting of said amount in the subsequent period / years.**

d) **The variation orders raised by the maintenance contractor for maintenance of Expressway aggregating to Rs. 4,39,90,888/- (previous year Rs. 4,39,90,888/-) had been accounted for in the books earlier years though not yet approved by the competent authority. As such the profit may vary on approval of the variation orders by the competent authority.**

e) **The Company has now classified unsecured loans of Rs. 2,89,08,54,557/- (Previous Year Rs. 347,57,50,715/-) taken from NHAI as long-term loan on the basis of internal documents. There are no stipulations regarding repayment of the principal amount by the Company to NHAI. The classification adopted by the Company in our opinion is not in conformity with schedule VI of the Companies Act, 1956 as the loan is of continuing nature and outstanding for more than one year.**

f) **The balances under the head loans and advances and current liabilities are subject to reconciliation and confirmation. The reconciliation may have effect on the Profit/ Loss and Assets/Liabilities of the company for the year ended 31st March, 2009. The impact of which can not be quantified at this stage.**

g) **No accounting entry for impact of liquidity damage of Rs. 10.88 crore has been made in the books of accounts by the Company in respect of Ahmedabad Vadodara Expressway Phase II.**

h) **There is change / addition in accounting policy of the Company in respect of revenue reorganization (other income) Depreciation (tree plantation) and Taxation (provision for income tax). However, there is no financial impact of such changes on the financial statement of the Company for the year ended 31st March, 2009.**

i) **There are arbitration cases filed by the contractors against the company amounting to Rs. 136 Crores shown as contingent liabilities by the company in notes on account. In our opinion, provision should be made for part of liability considered to be certain/probable out of this amount in the books of account by the management of the company.**

j) **Rs. 1458521/- has not recovered from M/s. C-3 Security (toll collecting agency) on account of lower booking/ collection of toll fee in terms of provision of the contract.**

k) **Outstanding recoveries of Rs. 2,20,29,712 from Phase-I contractor M/s. P.T.Sumber Mitra Jaya recognized in the books of Account pending final preparation of bill by the Supervision Consultant / Engineer.**

l) **Disclosure regarding Issued, Subscribed & paid up Share capital in cash Rs. 150,62,69.490/- and for consideration other than cash Rs. 162,22,30,510 has not been disclosed separately under Schedule-1 to the Balance Sheet as required under schedule VI of the Companies Act, 1956.**

ANNEXURE TO AUDITOR'S REPORT

(i) (a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. We are informed that these assets are being updated annually. **These should be updated regularly.**

(b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification .**However methodology and system should be documented in this regard and proper documents should be maintained**.

(c) There was no disposal of substantial part of fixed assets.

(ii) The Company has not undertaken any transaction during the year relating to purchase of inventory and sale of goods & service except Toll Collection for use of Ahmedabad Vadodara Expressway and National Highway -8 from Ahmedabad to Vadodara. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and toll collection except in respect of the following:

- **There is delay in approval of Extension of Time (EOT), variation orders by the competent authority and in submission of final bill of Expressway project improvement of Highway and liquidity damages.**
- **Lack of installation of AVCC system control checks to avoid leakage at toll plazas**
- **Lack of control over payments of bills verified / certified by the prescribed authority.**
- **Monitoring of Toll Collection Fee.**

There is continuing failure to correct the above major weakness in internal control.

(iii) As explained to us, the Company has an internal audit system commensurate with the size and nature of its business. **In our opinion it needs to be made more effective and strengthened.**

(iv) According to information and explanation given to us, there were no dues of Sales Tax, Service Tax, Wealth Tax and any other statutory dues which have not been deposited on account of any dispute except the following demand for Short / Non deduction of tax at source and Income Tax raised by the Income Tax Department.

Period to which the dues relates	Nature of the Dues	Amount Involve d (Rs.)	Amount Rs.	Forum where dispute is pending
AY 2003-04	Penalty relating to short / non deduction of TDS u/s 271C	1,84,05,373/-	NIL	Commissioner of Income Tax (Appeal) Ahmedabad
AY 2006-07	The setoff of business loss against the income from other sources has not been considered in the intimation received u/s 143 (1) of the Income Tax Act	27,98,690/-	NIL	Application for rectification of mistake u/s 154 filed with the Income Tax Office, New Delhi

Statement of disputed dues paid / provided in respect of Income Tax

Period to which the dues relates	Nature of Dues	Amount Involved Rs.	Amount Rs.	Forum where dispute is pending
AY 2003-04	Income Tax demand	33,18,775/-	33,18,775/-	Income Tax Appellate Tribunal, New Delhi
AY 2003-04	Penalty relating to Income Tax demand u/s 271 (1) (c)	25,00,000/-	Since paid 25,00,000/-	Commissioner of Income Tax (Appeal) New Delhi

(v) **The Company has now classified unsecured loans taken from NHAI amounting to Rs. 289,08,54,557/- as long - term loan whereas there is no agreement / stipulation of repayment of principal and interest accrued thereon by the Company to NHAI. Hence, as per classification adopted by the Company, the funds raised on short term basis i.e loan from NHAI is used for long term investment in the fixed assets (Expressway and Improvement of Highway) amounting to Rs. 314,40,55,110/-.**

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF CALCUTTA HALDIA PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Calcutta Haldia Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	D.C Garg & Co.
2011-12	ANM & ASSOCIATES
2010-11	ANM & ASSOCIATES
2009-10	ANM & ASSOCIATES
2008-09	ANM & ASSOCIATES

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers. Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2013, 2012,2010 and 2009 which are reproduced in Annexure VIII.

5. Attention is drawn to the following:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. in Lacs)

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	**1**	6,921.00	6,921.00	6,921.00	6,921.00	6,921.00
(b) Reserves and Surplus	**2**	(178.55)	(178.55)	(178.55)	(178.55)	(178.55)
(2) Share application money	**3**	8,739.00	8,739.00	8,739.00	8,739.00	-
pending allotment						
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	**4**	28,727.93	24,721.00	18,284.12	9,162.12	4,505.48
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-
(c) Other Long Term Liabilities	**5**	1,741.79	1,741.82	1,741.82	536.98	635.54
(d) Long Term Provisions		-	-	-	-	-
(4) Current Liabilities						
(a) Short-Term Borrowings		-	-	-	-	-
(b) Trade Payables		-	-	-	-	-
(c) Other Current Liabilities	**6**	9,118.31	5,782.02	2,912.98	2,724.38	3,054.57
(d) Short-Term Provisions	**7**	-	-	0.06	20.87	17.93
TOTAL		**55,069.49**	**47,726.29**	**38,420.43**	**27,925.81**	**14,955.98**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets						
(i) Tangible	**8**	0.56	1.98	3.45	4.74	6.21
(ii) Capital Work in Progress	**9**	52,930.71	46,049.75	35,470.77	23,000.78	10,190.05
(b) Non-current investments		-	-	-	-	-
(c) Deferred tax assets (net)		-	-	-	-	-
(d) Long term loans and advances	**10**	1,469.14	1,469.16	1,444.03	1,756.82	2,699.24
(e) Other non-current assets	**11**	45.15	45.15	45.15	45.15	45.15
(2) Current Assets						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(d) Cash and Cash equivents	**12**	540.37	11.05	1,004.40	926.19	328.70
(e) Short-term loans and advances	**13**	83.55	149.20	452.62	2,192.13	1,686.64
TOTAL		**55,069.49**	**47,726.29**	**38,420.43**	**27,925.81**	**14,955.98**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF PRE-OPERATIVE EXPENDITURE

Annexure -II

(Rs. in Lacs)

	Particulars	Notes No.	For the Year Ending 31st March 2013	For the Year Ending 31st March 2012	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
I	Pre-Operative Income :						
	Revenue from operations		-	-	-	-	-
	Other Income	14	9.75	10.33	60.26	34.81	10.56
	TOTAL		**9.75**	**10.33**	**60.26**	**34.81**	**10.56**
			-	-	-	-	-
II	Pre-Operative Expenses:		-	-	-	-	-
	Employee Benefit Expense	15	4.69	7.84	7.62	5.47	3.20
	Financial Costs	16	3,337.34	3,153.75	837.81	239.04	178.61
	Depreciation		1.42	1.47	1.46	1.46	1.46
	Other Administrative Expenses	17	127.14	54.33	47.55	176.09	180.34
	TOTAL		**3,470.60**	**3,217.39**	**894.45**	**422.06**	**363.61**
III	**Pre-Operatove Profit / (Loss) before exceptional and extraordinary items and tax III=(I-II)**		**(3,460.85)**	**(3,207.05)**	**(834.18)**	**(387.25)**	**(353.05)**
	Exceptional and Extraordinary items		9.91	-	-	-	-
	a). Prior Period Income		-	-	-	-	-
	b). Prior Period Expenses		-	-	-	-	-
			-	-	-	-	-
	Pre-Operatove Profit / (Loss) before tax		**(3,470.76)**	**(3,207.05)**	**(834.18)**	**(387.25)**	**(353.05)**
IV	Tax expense:						
	(1) Current tax		2.75	3.15	3.05	5.39	3.58
	(2) Deferred tax		-	-	-	-	-
	(3) Fringe benefit Tax		-	-	-	-	0.29
	Pre-Operative Profit(Loss) After Tax for the Year		**(3,473.51)**	**(3,210.20)**	**(837.24)**	**(392.64)**	**(356.93)**
	Earning per equity share:						
	Basic & Diluted		-	-	-	-	-
	Brought Forward Unallocated expense form last year		(5,907.24)	(2,697.04)	(1,859.80)	(1,467.16)	(1,110.24)
	Closing Balance Carried over to Capital Work in Progress		**(9,380.76)**	**(5,907.24)**	**(2,697.04)**	**(1,859.80)**	**(1,467.16)**

CALCULTTA HALDIA PORT ROAD COMPANY LIMITED
REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. in Lacs)

	Particulars	For the Year Ending 31st March 2013	For the Year Ending 31st March 2012	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
	Cash Flow from Operating Activities					
	Profit before taxation	-	-	-	-	-
A	**Net Cash Flow from Operating Activities**	**-**	**-**	**-**	**-**	**-**
	Cash Flow from Investing Activities					
	Increase in Current Liabilities/(Decrease in Current Liabilities)	3,336.29	2,869.04	188.60	(330.19)	2,857.64
	Decrease in Current Assets/(Increase in Current Assets)	65.65	303.41	1,739.51	(505.48)	(1,686.45)
	Increase/(Decrease) in Short term provisions	-	(0.06)	(20.81)	2.94	(4.24)
	Increase in Capital Work-In-Progress	(6,880.96)	(10,578.98)	(12,470.00)	(12,810.73)	(1,038.42)
	Sale/(Purchase) of Fixed Assets	1.42	1.47	1.29	1.46	1.40
	Proceed/(Repayment) of long term Borrowings and Loans	0.02	(25.13)	312.79	942.42	(89.35)
B	**Net Cash Inflow/(Outflow) from Investing Activities**	**(3,477.58)**	**(7,430.24)**	**(10,248.63)**	**(12,699.58)**	**40.59**
	Cash Flow from Financing Activities					
	Share Application Money pending allotment	-	-	-	8,739.00	-
	Proceeds from Long term borrowings	4,006.93	6,436.88	9,122.00	4,656.64	83.00
	Transfer from Reserve & Surplus	-	-	-	-	- 178.55
	Repayment/Borrowing of Long term liabilities	- 0.03	-	1,204.84	- 98.56	235.54
C	**Net Cash Inflow/(Outflow) from Financing Activities**	**4,006.90**	**6,436.88**	**10,326.84**	**13,297.08**	**139.99**
D	**Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)**	**529.32**	**(993.36)**	**78.21**	**597.49**	**180.58**
E	**Cash & Cash Equivalents at the beginning of the period**	11.05	1,004.40	926.19	328.70	-
F	**Cash & Cash Equivalents at the end of the period**	**540.37**	**11.05**	**1,004.40**	**926.19**	**328.70**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

NOTE - 1 SHARE CAPITAL

Annexure-IV
(Figures in Lacs)

	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
Authorised Capital					
15,70,00,000 Equity Shares (Previous Year 15,70,00,000) of Rs. 10/- each	15,700.00	15,700.00	15,700.00	15,700.00	7,000.00
Issued, Subscribed & Paid up Capital					
6,92,10,007 Equity Shares (Previous year 6,92,10,007) of Rs. 10/- each fully paid up with Voting Rights	6,921.00	6,921.00	6,921.00	6,921.00	6,921.00

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012		As at 31.3.2011	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	692.10	6,921.00	692.10	6,921.00	692.10	6,921.00
Fresh issue of shares during the year		-	-			-
Outstanding at the end of the year	692.10	6,921.00	692.10	6,921.00	692.10	6,921.00

	As at 31.3.2010		As at 31.3.2009	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	692.10	6,921.00	692.10	6,921.00
Fresh issue of shares during the year				
Outstanding at the end of the year	692.10	6,921.00	692.10	6,921.00

(ii) Shareholers holding more than 5% of the paid up capital

	As at 31.3.2013		As at 31.3.2012		As at 31.3.2011	
100% Equity Shares of Rs. 10 each fully paid up are held by	**No. of Shares held**	**% of Hoding**	**No. of Shares held**	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India and its nominees	692.10	100%	692.10	100%	692.10	100%

	As at 31.3.2010		As at 31.3.2009	
100% Equity Shares of Rs. 10 each fully paid up are held by	**No. of Shares held**	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India and its nominees	692.10	100%	692.10	100%

NOTE - 2 RESERVE AND SURPLUS

	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
Profit and Loss A/c	(178.55)	(178.55)	(178.55)	(178.55)	(178.55)
	(178.55)	**(178.55)**	**(178.55)**	**(178.55)**	**(178.55)**

NOTE - 3 SHARE APPLICATION MONEY

Share Application Money Pending Allotment	8,739.00	8,739.00	8,739.00	8,739.00	-
	8,739.00	**8,739.00**	**8,739.00**	**8,739.00**	-

NOTE - 4 LONG TERM BORROWINGS

Unsecured, Considered Good					
Loans & Advances From Related Parties					
National Highway Authority of India	28,727.93	24,721.00	18,284.12	9,162.12	4,505.48
	28,727.93	**24,721.00**	**18,284.12**	**9,162.12**	**4,505.48**

NOTE - 5 OTHER LONG TERM LIABILITIES

H D A Grant	1,206.25	1,206.25	1,206.25	-	100.00
South eastern Railway(Digha ROB) Advance Account	400.00	400.00	400.00	400.00	400.00
Retention Money CWHEC-HCIL(JV)	135.54	135.54	135.54	135.54	135.54
Other Liabilities- Seth Construction	-	0.03	0.03	1.44	-
	1,741.79	**1,741.82**	**1,741.82**	**536.98**	**635.54**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

Annexure-IV
(Rs. in Lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
NOTE - 6 OTHER CURRENT LIABILITIES					
Interest accrued and due on Borrowings	8,154.88	5,151.27	968.94	215.01	316.64
Concession Fees Payable	-	0.00	0.00	0.00	-
Audit Fee payable	1.60	1.59	1.59	1.71	1.69
Statutory Remittances:	-	-	-	-	-
Statutory payable - TDS, CPF, GPF	410.52	314.71	178.94	210.01	105.04
CES-Service tax withheld	0.09	-	-	0.02	5.18
DRAIPL- Retention Money	-	-	704.65	804.75	30.67
DRAIPL	469.68	255.49	990.71	1,107.10	366.43
Legal & Professional Expenses- DRB	24.48	24.76	20.37	-	-
Toll Revenue Payable	16.04	-	-	-	-
Others Payable	41.01	33.62	46.85	385.01	2,228.24
Salary Payable	0.00	0.59	0.93	0.78	0.69
	9,118.31	**5,782.02**	**2,912.98**	**2,724.38**	**3,054.57**
NOTE -7 SHORT TERM PROVISIONS					
Provisions for DRB	-	-	-	20.80	-
Provision for Income Tax -Net	-	-	0.06	0.07	17.93
Provision for FBT-Net	-	-	-	-	-
	-	**-**	**0.06**	**20.87**	**17.93**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 8 FIXED ASSETS

TANGIBLE ASSETS

Annexure-IV
(Rs. in Lacs)

Particulars		Net Block				
	Rate	As at 31.03.13	As at 31.03.12	As at 31.03.11	As at 31.03.10	As at 31.03.09
Computer & EDP Equipment	**16.21%**	-	1.37	2.79	4.21	5.62
Furniture & Fittings	**6.33%**	0.41	0.45	0.49	0.53	0.58
Office Equipment	**4.75%**	0.16	0.16	0.17	-	-
Total		**0.56**	**1.98**	**3.45**	**4.74**	**6.21**
Previous Year		1.98	3.45	4.74	6.21	7.61

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
NOTE - 9 CAPITAL WORK IN PROGRESS					
Capital Work in Progress at Site	48,396.16	44,988.72	37,619.94	25,987.18	13,569.10
Less:-					
Recoveries due to contractor (CWHEC-HCIL(JV) on account of Termination of contract:					
Liquidated Damage (time extension)	(781.00)	(781.00)	(781.00)	(781.00)	(781.00)
Recovery of work not Completed	(3,866.07)	(3,866.07)	(3,866.07)	(3,866.07)	(3,866.07)
Recovery of Cost for DBM	(2.13)	(2.13)	(2.13)	(2.13)	(2.13)
Recovery Of Car Insurance Not Paid	(26.15)	(26.15)	(26.15)	(26.15)	(26.15)
Recovery Of Royality Not Paid	(170.86)	(170.86)	(170.86)	(170.86)	(170.86)
	-	-	-	-	-
Unallocated Pre-Operative Expenditure	9,380.76	5,907.24	2,697.04	1,859.80	1,467.16
	52,930.71	**46,049.75**	**35,470.77**	**23,000.78**	**10,190.05**
NOTE - 10 LONG TERM LOANS AND ADVANCES					
Unsecured and Considered good					
Security Deposit- Elec. Connection at HPL Link Rd.	2.63	2.63	2.63	2.63	-
Security Deposit-Wbsedcl-NH-41-PIU	2.31	2.49	0.18	-	-
Expenses Recoverable From CWHES-HCIL-(JV)-Insurance	6.86	6.86	6.86	6.86	6.86
Expenses Recoverable From CWHES-HCIL-(JV)-Insurance -- Electricity bill	3.04	3.04	3.04	3.04	3.04
Recoverable from NHAI	711.98	712.57	689.75	653.72	436.04
NHAI-Kona express way maintenance	-	-	-	-	67.43
Recoverable From Contractor (CWHEC-HCIL(JV))	741.57	741.57	741.57	1,090.57	2,185.88
Recoverable from DRAIPL	0.75	-	-	-	-
Recoverable from others	-	-	-	-	-
	1,469.14	**1,469.16**	**1,444.03**	**1,756.82**	**2,699.24**
NOTE - 11 OTHER NON CURRENT ASSETS					
Unamortised expenses :					
Preliminary Expenses	45.15	45.15	45.15	45.15	45.15
	45.15	**45.15**	**45.15**	**45.15**	**45.15**
NOTE - 12 CASH AND CASH EQUIVALENT					
Cash in Hand	0.00	0.01	0.04	0.02	0.00
Balances with Banks(Current Account)	-	-	-	-	-
- Syndicate Bank & Canara Bank	16.87	11.04	9.87	15.42	7.95
Fixed Deposit	523.50	-	994.50	910.75	320.75
	540.37	**11.05**	**1,004.40**	**926.19**	**328.70**
NOTE - 13 SHORT TERM LOANS & ADVANCES					
Unsecured, Considered Good					
Capital Advances for Material	27.41	122.04	430.34	762.88	187.36
Mobilisastion advance	-	-	-	1,404.81	1,479.13
Advance To DRB & Arbitrator Member	27.32	24.76	20.37	20.80	16.83
Advance Income Tax / TDS Receivable	1.24	0.63	-	-	-
Advance FBT	-	0.85	1.63	1.98	1.50
Interest due in deposits	5.03	-	-	-	-
Interest accrued but not due	-	-	-	-	-
Duties & Taxes	-	-	-	-	1.31
Recoverables:	-	-	-	-	-
- VK Vyas (TCS)	1.12	-	-	-	-
- VK Vyas Daily Remittance Toll Plaza	16.04	-	-	-	-
- SC Bar Co-op House Building P Ltd	0.01	-	-	-	-
Refund due from WB Govt	5.39	-	-	-	-
Others	-	0.93	0.28	1.65	0.51
	83.55	**149.20**	**452.62**	**2,192.13**	**1,686.64**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED PREOPERATIVE EXPENSES

Annexure-V
(Rs. in Lacs)

Particulars		FOR THE YEAR ENDING			
	For the Year Ending 31st March 2013	For the Year Ending 31st March 2012	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
NOTE - 14 OTHER INCOME					
Interest on FDR	8.91	10.19	9.88	17.45	8.68
Auction of scrap material	-	-	26.00	-	-
Sale of Tender Documents	0.40	-	-	-	-
Interest from WBSECL	0.23	-	-	-	-
Interest from DRAIPL	0.21	-	-	-	-
Misc. Receipts	-	0.15	24.38	17.36	1.88
TOTAL	**9.75**	**10.33**	**60.26**	**34.81**	**10.56**
NOTE - 15 EMPLOYEMENT BENEFIT EXPENSES					
Salaries & Wages	4.13	7.02	6.83	4.30	2.66
Staff Welfare Expenses	-	0.50	0.47	0.71	0.26
Contribution to CPF, Pension and Leave salary	0.57	0.32	0.31	0.45	0.27
TOTAL	**4.69**	**7.84**	**7.62**	**5.47**	**3.20**
NOTE - 16 FINANCIAL COST					
1 Interest on Cash Credit Facality			-		
Interest on Sub Debt from NHAI	3,337.3	3,153.6	837.7	238.9	178.5
6 Bank Gurantee Charges	-	-	-	-	-
Bank Charges	-	0.2	0.1	0.1	0.1
TOTAL	**3,337.3**	**3,153.7**	**837.8**	**239.0**	**178.6**
NOTE - 17 ADMINISTRATIVE EXPENSES					
Telephone Expenses	0.01	0.11	0.13	0.09	0.19
Travelling and Conveyance Expenses	1.32	3.81	6.01	3.89	3.00
Traffic Survey	2.31	2.47	-	-	-
Newspaper and Periodicals	-	0.01	0.01	0.01	0.02
Legal and Professional Expenses	119.13	42.72	35.45	47.70	24.70
Repair & Maintenance	0.00	0.09	0.08	-	0.15
Filling and ROC Expenses	0.08	0.09	0.12	56.91	0.01
Security Expesnes	0.10	0.50	0.50	63.63	92.63
Printing, Postage and Stationery	0.21	0.20	0.17	0.26	0.14
Auditors Remuneration	0.96	0.94	0.94	0.77	0.77
	0.83	0.83	0.83	1.12	1.12
	1.63	0.27	0.31	0.12	0.08
Misc Exp.	0.00	0.01	0.07	0.04	0.03
Income Tax for earlier years	-	0.03	-	-	-
Prior Period Items Legal And Professional Fees	-	-	-	0.10	0.84
Concession Fee	0.00	0.00	-	-	-
Advertisement	-	-	-	-	8.48
Electricity and water charges	-	-	-	-	8.34
Insurance	-	-	-	-	13.72
Lease of land	-	-	-	-	3.01
Office maintenance	-	-	-	-	0.01
Seminar and Meeting expenses	0.55	2.25	2.93	1.47	0.84
Income Tax Demand for 06-07	-	-	-	-	22.23
TOTAL	**127.14**	**54.33**	**47.55**	**176.09**	**180.34**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

Annexure VI

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31ST MARCH, 2013, 2012, 2011, 2010 and 2009).

I. **Background**

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Calcutta - Haldia port connectivity project under the “Build-Operate-Transfer” (BOT) Basis. A concession Agreement entered between the Company and the National Highways Authority of India, (NHAI) will confer the right to the Company to implement the project and levy toll / user charges over the long concession period after completion of construction.

Company is fully owned by National Highways Authority of India, a statutory body corporate incorporated through the promulgation of National Highways Authority of India Act, 1988.

II. **Significant Accounting Policies**

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. As the Company had not commenced commercial operations, a statement of the Profit or Loss has not been prepared. Information required to be furnished by the Company in accordance with part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Preoperative Expenditure forming part of accounts and to the extent applicable, in these Notes forming part of the Accounts.

b) Fixed assets

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets. The company has the policy to write off such assets having value less than Rs. 0.05 lacs.

The Substantial fixed assets of the company, in the form of Toll Road is under construction; and when completed shall include as a comprehensive assets, Toll Plaza with other allied facilities on way, Lighting and such other fixtures. The part completion of the individual assets which eventually shall stand merged into toll road on capitalization after completion of construction, are considered incidental, ancillary and form part of capital work in progress.

The miscellaneous assets used on project including furniture and fixtures and not forming part of the project contract are owned and recorded by NHAI except to the extent disclosed in the Notes to Accounts of the Balance Sheet.

c) Depreciation

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on partly completed but individually identified assets forming part of complete Toll Road is not charged despite having been put to use during construction period . The intended use of such party completed assets is to merge and use them as one composite facility and infrastructure of toll road. Depreciation on Project assets on (Project) will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

d) Investments

Investments, if any, has been valued at lower of cost or market value.

e) Borrowing Costs

Borrowing costs relatable to the acquisition or construction of the qualifying assets for the period upto their acquisition or construction are capitalized as part of the cost of the assets. All other borrowing costs shall be recognized as an expense and charged to the revenue in the year of occurrence.

Toll Road per se is considered as a single comprehensive asset. Despite being completed in parts and capable of being used as such during the construction of the other part(s), capitalization of relatable borrowing costs shall be done till completion and commissioning of the project.

f) Miscellaneous expenditure

The miscellaneous expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2013

1) Contingent Liabilities

Contingent Liabilities/ Commitments: - 22 arbitration/DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs. 1544.67 crores on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts.

2) Since Statement of Profit and Loss has not been prepared, Earning per Share in pursuance to Accounting Standard 20 issued by the Accounting Standard Rules, 2006 has not been given.

3) Related Party Transactions:

a)

Description of relationship	**Name of Related Parties**
Entity having significant influence in the company	National Highways Authority of India

b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

Particulars	**Entity having significant influence**	
Loans Taken	**2012-13**	**2011-12**
Unsecured Loan:		
Opening Balance	2,472,100,000	1,694,000,000
Amount Taken	400,693,309	778,100,000
Amount Repaid	-	-
Balance Outstanding	**2,872,793,309**	**2,472,100,000**
Interest on above loan:		
Opening Balance	515,126,688	231,305,570
Interest Repaid	-	-
Interest during the year	300,360,839	283,821,118
Balance Outstanding	**815,487,527**	**515,126,688**

4) As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs. 11,26,750/- out of which Rs. 8,45,065/- has been transferred to NHAI a/c and Rs. 2,81,685/- has been booked in the Company.

5) All the Directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

6) The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

For completion of balance work of NH-41 along with improvement of HPL Link Road, M/s Dinesh Chandra R. Agrawal Infracon Pvt. Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010 and for improvement of HPL Link Road was December 29, 2009. The consultant has issued provisional completion certificate vide

7) Balances of debtors, creditors and advances are subject to confirmation.

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8) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

9) NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the Financial Year 2008-09 are Rs. 85,08,500/- for which utilization certificate for Rs. 83,15,410/- has been received from Public Work Department to the company. The Utilization Certificate for balance amount of Rs. 1,93,090/- is still awaited from Public Work Department.

10) NHAI entrusted aggregate funds of Rs.4,00,00,000 during financial year 2007-08 for the work of ROB on NH-41 across Digha Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in NOTE-6.

11) "Sundry Creditor-others" shown under current liabilities includes amount of Rs. 61,74,666 on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 26,87,449 are paid on behalf on CWHEC-HCIL(JV) with reference to The Building & Other Construction Workers' Welfare Cess Act. Rs. 6,42,410/- deducted from the bill of DRAIPL, new contractor. Thus, Rs. 41,29,627/- still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable..

12) The company had deducted the royalty of Rs. 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

13) Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. As the Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazzette of India and toll collection is being remitted to Consolidated Fund of India. Hence, no revenue of the toll collection has been shown in the accounts of the company.

14) The Board vide its meeting dated has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 annual installments. The final amount of said amount recoverable from HDA is still under process and has been shown under CWIP.

15) No provision has been made for the amount claimed by HDA towards median plantation for the stretch NH-41 amounting to Rs. 1,16,86,738/- as the Board did not approve the same in its meeting dated 21.09.2012.

16) There are no deferred tax assets or liability as envisaged by accounting standard-22 -Accounting for Taxes on Income.

17) No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

18) Auditors' Remuneration Includes:

Particulars	**For the year ended 31.3.2013**	**For the year ended 31.3.2012**
Audit fee (Including Service Tax)	95,506/-	93,753/-
	95,506/-	93,753/-

19) Cash flow Statement: - Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level – 1 enterprises as per AS-3.

20) The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the said Act is not ascertainable.

21) Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

22) Figures have been rounded off to nearest rupees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule- 9.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1.The total Establishment & Administrative Expenses of site office is Rs. 35.40 Lac out of which Rs. 26.55Lac has been transferred to NHAI a/c and Rs. 8.85Lac has been booked in the company.

2. All the directors of the company are holding office in Company as nominees of National Highways Authority of India, the `Parent organization; hence no payment has been made to them as salary / allowance or otherwise.

3. The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

For completion of balance work of NH-41 along with improvement of HPL Link Road, M/s Dinesh Chandra R. Agarwal Infracom Pvt.Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/ 243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010 and for improvement of HPL Link Road was December 29, 2009.

The estimated cost of the project now stands at Rs. 52200 Lac which was increased after termination of the earlier contract from the initial contract price of Rs. 27303 Lac

4. Balances of debtors, creditors and advances are subject to confirmation.

5. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

6. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the financial year 2008-09 are Rs.85.09Lacs for which utilization certificate for Rs. 83.15 Lac has been received from Public Works Departments to the company. The utilization Certificate for balance amount of Rs. 1.93Lacs is still awaited from Public Works Departments.

7. NHAI entrusted aggregate funds of Rs. 4,00 Lac during financial year 2007-08 for the work of ROB on NH-41 across Digha – Tamluk Railway Line of South Eastern railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in NOTE-5.

8. "Sundry Credit –others" shown under current liabilities includes amount of Rs. 61.75Lac on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 26.87Lacs are paid on behalf on CWHEC-HCIL(JV) with reference to the building & other construction workers Welfare Cess Act. Rs. 2.71Lac deducted from the bill of DRAIPL, new contractor. Thus, Rs. 37.58Lac still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

9. The company had deducted the royalty. Of Rs. 1,70.86 Lacs - from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

10. Excess payment of Rs. 20.95 Lac to the contractor DRAIPL was made in the IPC No. 30 for the period 01.07.2011 TO 30.07.2011, although the said excess was adjusted in IPC No. 31. The Contractor DRAIPL enjoyed the said excess amount for a period of 35 days without incurring any interest thereon, whereas CHPRCL has borrowed the money @ 10.50% p.a. from its parent company, NHAI. Thus the company CHPRCL suffered the interest expense of Rs.0.21Lac which the company would recover from the contractor DRAIPL from the fourth coming IPC.

11. Since there is no Profit/Loss, Earning Per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

12. Provision for Income Tax amounting to Rs. 3.15Lac (Previous Year Rs. 3.05Lac) has been made in the books of accounts.

Short term provisions:

		As on 31.03. 2012		As on 31.03.2011
Opening Provision		3.98		6.17
Add: Provision made for the current year				
- Current Tax	3.15		3.05	
- Other Provisions	0.59		0.93	
-Provision adjusted	(3.98)	(0.24)	(6.17)	(2.19)
Balance carried forward		3.74		3.98

13. Contingent Liabilities / Commitments: - 22 arbitration / DRB/legal cases initiated by the contractor CWHEC-HCIL(JV) claiming Rs. 1,53,748 Lac on various issues during the year are pending with the arbitrator / dispute review board / Courts.

14. There are no deferred tax assets or liability as envisaged by accounting standard-22- Accounting for taxes on Income.

15. No Provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

16. Auditors' Remuneration includes:

Particulars	**For the year ended 31-3-12**	**For the year ended 31-3-11**
Audit fees (Including service tax)	0.94 Lac	0.94 Lac
	0.94 Lac	0.94 Lac

17. Related Party Disclosure: - No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

18. Cash flow Statement: - Company is required to prepare Cash Flow Statement as though the company is not listed but it is a level – 1 enterprises as per AS-3.

19. The company does not have on its record any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

20. Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

21. Figures have been rounded off to nearest rupees.

22. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956 has been attached herewith.

NOTES TO ACCOUNTS FOR THE EYAR ENDED MARCH 31, 2011

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule- 4.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs. 45.30 lacs out of which Rs. 33.97 lacs has been.' transferred to NHAI a/c and Rs. 11.32 lacs has been booked in the company.

2. All the directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary / allowance or otherwise.

3. Company has provided for the concession fees payable to NHAI @ Rs. 1 per year for five year from the date of concession agreement during the year.

4. The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

   For completion of balance work of NH-41 along with improvement of HPL Link Road, M/ s Dinesh chandra R. Agrawal Infracon Pvt. Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010 and for improvement of HPL Link Road was December 29, 2009

5. The estimated cost of the project now stands at Rs. 52,200 Lacs which was increased after termination of the earlier contract from the initial contract price of Rs. 27,303 lacs.

6. Balances of debtors, creditors and advances are subject to confirmation.

7. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

8. As per Accounting Standard 16- Borrowing costs, the interest paid/payable to NHAI should not be capitalized till 30.09.2008 due to suspension of work as the active development is interrupted due to termination of the contract. However, the capitalization commences again after this as the contract was given to the new contractor and the expenditure for construction had been incurred.

9. Pre-operative expenditure as at 31st March 2011 includes Rs. 178.55 lacs as Interest paid/ payable to NHAI on sub-ordinate debts availed by the company throughout the year while the interest payable to NHAI for suspension period is Rs. 178.55 lacs on sub ordinate debts availed. It has been agreed that repayment of sub-ordinate debts and interest thereon will due only after the commencement of commercial operations.

10. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the Financial Year 2008-09 are Rs. 85.08 lacs for which utilization certificate for Rs. 15.36 lacs has been received from Public Works Department to the company. The Utilization Certificate for balance amount of Rs. 69.72 lacs is still awaited from Public Works Department.

11. NHAI entrusted aggregate funds of Rs. 400.00 lacs during financial year 2007-08 for the work of ROB on NH-11 across Digha – Tamluk Railway Line of South Eastern railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in Schedule – 8.

12. "Sundry Credit –others" shown under current liabilities includes amount of Rs. 61.75 lacs on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 26.87 lacs are paid on behalf on CWHEC-HCIL(JV) with reference to the building & other construction workers Welfare Cess Act. Rs. 3.50 lacs deducted from the bill of DRAIPL, new contractor. Thus, Rs. 38.37 lacs still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

13. Advances disbursed to DRB Members up to F.Y. 2010-11 stands up to Rs. 20.37 lacs. The same remain pending for adjustments the bills from DRB Members are still awaited.

14. The company had deducted the royalty. of Rs. 170.86 lacs - from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

15. Since there is no Profit/Loss, Earning Per Share pursuant to “Accounting Standard-20” issued by Institute of Chartered Accountants of India has not been given.

16. Provision for Income Tax & Fringe benefit tax amounting to Rs. 3.87 lacs (Previous Year Rs. 7.26 lacs.) has been made in the books of accounts.

Provision for Taxation:

(Rupees in lacs)

		As on March 31, 2011		As on March 31, 2010
Opening Provision		26.19		26.04
Add: Provision made for the current year				
- Current Tax	3.05		5.39	
- Fringe Benefits Tax	-		-	
-Provision adjusted	(5.82)	(2.77)	(5.24)	0.15
Balance carried forward		23.42		26.19

17. Contingent Liabilities / Commitments: - 22 arbitration / DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs. 1,53,623 lacs on various issues during the year are pending with the arbitrator / dispute review board / Courts.

18. There are no deferred tax assets or liability as envisaged by accounting standard-22- Accounting for taxes on Income.

19. No Provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

20. Auditors' Remuneration includes
(Rupees in lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Audit fees(including service tax)	0.94	0.77
	0.94	0.77

21. Related Party Disclosure: - No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

22. Cash flow Statement: - Company is required to prepare Cash Flow Statement as though the company is not listed but it is a level – 1 enterprises as per AS-3.

23. The company does not have on its record any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

24. Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

25. Figures have been rounded off to nearest rupees in lacs upto 2 decimal places..

NOTES TO ACCOUNTS FOR THE EYAR ENDED MARCH 31, 2010

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule- 4.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs. 288.85 lacs out of which Rs. 216.64 lacs has been transferred to NHAI a/c and Rs. 72.21 lacs has been booked in the company.

2. All the directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary / allowance or otherwise.

3. Company has provided for the concession fees payable to NHAI @ Rs. 1 per year for five year from the date of concession agreement during the year.

4. The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

For completion of balance work of NH-41 along with improvement of HPL Link Road, M/ s Dinesh chandra R. Agrawal Infracon Pvt. Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010. The work of HPL Link Road is substantially completed on 29.03.2010.

5. The estimated cost of the project now stands at Rs. 52,200 Lacs which was increased after termination of the earlier contract from the initial contract price of Rs. 27,303 Lacs.

6. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

7. As per Accounting Standard 16- Borrowing costs, the interest paid/payable to NHAI should not be capitalized till 30.09.2009 due to suspension of work as the active development is interrupted due to termination of the contract. However, the capitalization commences again after this as the contract was given to the new contractor and the expenditure for construction had been incurred.

8. Pre-operative expenditure as at 31st March 2009 includes Rs. 178.55 lacs as Interest paid/ payable to NHAI on sub-ordinate debts availed by the company throughout the year while the interest payable to NHAI for suspension period is Rs. 178.55 lacs on sub ordinate debts availed. It has been agreed that repayment of sub-ordinate debts and interest thereon will due only after the commencement of commercial operations.

9. NHAI entrusted aggregate funds of Rs. 4,00.00 lacs during financial year 2007-08 for the work of ROB on NH-41 across Digha –Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance in Schedule-8.

10. "Sundry Credit –others" shown under current liabilities includes amount of Rs. 71.97 lacs on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 34.87 lacs are paid on behalf of CWHEC-HCIL(JV) with reference to the building & other construction workers Welfare Cess Act. Rs. 37.10 lacs deducted from the bill of DRAIPL, new contractor. Thus, Rs. 34.87 lacs still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

11. Advances disbursed to DRB Members to the extent of Rs. 20.80 lacs during the year 2009-10 remain pending for adjustments as the claims are still awaited. Since the advances are related to the claims for the financial year, the Management has decided to treat Rs. 20.80 lacs as expenses for the year.

12. The company had deducted the royalty. of Rs. 170.86 lacs from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has becl1 disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

13. Since there is no Profit/Loss, Earning Per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

14. Provision for Income Tax amounting to Rs. 5.39 lacs (Previous Year Rs. 3.87 lacs) has been made in the books of accounts.

(Rupees in lacs)

Provision for Taxation		**As on March31, 2010**		**As on March 31, 2009**
Opening Provision		26.04		22.17
Add: Provision made for the current year				
- Current Tax	5.39		3.58	
- Fringe Benefits Tax	-	5.39	0.29	3.87 -
Balance carried forward		31.43		26.04

15. Contingent Liabilities / Commitments: - 22 arbitration / DRB/legal cases initiated by the contractor CWHEC-HCIL(JV) claiming Rs. 153623 lacs on various issues during the year are pending with the arbitrator / dispute review board / Courts.

16. There are no deferred tax assets or liability as envisaged by accounting standard-22- Accounting for taxes on Income.

17. No Provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

18. Auditors' Remuneration includes :

(Rupees in Lacs)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Audit fees(including service tax)	0.77	0.77
	0.77	0.77

19. Related Party Disclosure :- No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

20. Cash flow Statement:- Company is required to prepare Cash Flow Statement as though the company is not listed but it is a level – 1 enterprises as per AS-3.

21. The company does not have 011. its record any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

22. Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

23. Figures have been rounded off to nearest rupees in lacs upto two decimal places.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule- 4.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs. 30.29 lacs out of which Rs. 22.71 lacs has been transferred to NHAI a/c and Rs. 7.57 lacs has been booked in the company.

2. All the directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary / allowance or otherwise.

3. Company has provided for the concession fees payable to NHAI @ Rs. 1 per year for five year from the date of concession agreement during the year.

4. The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

For completion of balance work of NH-41 along with improvement of HPL Link Road, M/ s Dinesh chandra R. Agrawal Infracon Pvt. Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010 and for improvement of HPL Link Road is December 29, 2009.

5. The estimated cost of the project now stands at Rs. 52,200 Lacs which was increased after termination of the earlier contract from the initial contract price of Rs. 27,303 lacs.

6. As per the minutes of the 32nd board meeting dated 24.03.2009 HDA was allowed to make payments in yearly installments of Rs. 100 Lacs per year instead of a single payment of Rs. 1,265 Lacs. The board in its meeting has decided to charge interest @ SBI PLR +2% which amounts to 171.84 lacs (The SBI PLR rate is taken as 12.75% p.a.). The interest is not accorded by HDA and hence is not taken in the books.

7. Interest received from Banks during the year is Rs. 8.68 lacs as evidenced from the TDS certificate. However while going through the bank statements an excess credit for Rs. 0.01 lacs was observed. This amount belongs to some other party for which intimation has been sent to the bank and the same stands rectified as on date.

8. In certain cases of professional and contractor services, the amount of TDS has been deposited late by 4 -5 days (avg no. of days) and in some cases; TDS has been deducted but not deposited. The same amount to Rs. 5.58 lacs and Rs. 0.45 lacs respectively.

9. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

10. As per Accounting Standard 16- Borrowing costs, the interest paid/payable to NHAI should not be capitalized till 30.09.2008 due to suspension of work as the active development is interrupted due to termination of the contract. However, the capitalization commences again after this as the contract was given to the new contractor and the expenditure for construction had been incurred.

11. Pre-operative expenditure as at 31st March 2009 includes Rs. 178.55 lacs as Interest paid/ payable to NHAI on sub-ordinate debts availed by the company throughout the year while the interest payable to NHAI for suspension period is Rs. 178.55 lacs on sub ordinate debts availed. It has been agreed that repayment of sub-ordinate debts and interest thereon will due only after the commencement of commercial operations.

12. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division NO. IV" for the said work. The work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the financial year 2008-09 are Rs. 85.08 lacs for which no utilization certificate is provided by the Public Work Department to the company. As per the management reply the utilization certificate is awaited from PWD.

13. NHAI entrusted aggregate funds of Rs. 400.00 lacs during financial year 2007-08 for the work of ROB on NH-41 across Digha –Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance in Schedule-8.

14. "Sundry Credit –others" shown under current liabilities includes amount of Rs. 61.75 lacs on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 26.87 lacs are paid on behalf of CWHEC-HCIL(JV) with reference to the building & other construction workers Welfare Cess Act. Rs. 3.50 lacs deducted from the bill of DRAIPL, new contractor. Thus, Rs. 38.37 lacs still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

15. Advances have been disbursed to DRB Members to the extent of Rs. 16.83 lacs during the year 2008-09 remain pending for adjustments as the claims are still awaited.

16. The company had deducted the royalty of Rs. 170.86 lacs from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

17. Since there is no Profit/Loss, Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

18. Provision for Income Tax & Fringe benefit tax amounting to Rs. 3.87 lacs (Previous Year Rs. 7.26 lacs) has been made in the books of accounts.

19. Provision for Taxation

		As on March 31, 2009		As on March 31, 2008
Opening Provision		22.17		14.93
Add: Provision made for the current year				
- Current Tax	3.58		6.56	
- Fringe Benefits Tax	0.29	3.87-	0.70	7.26
Balance carried forward		26.04		22.17

20. There is an amount of Fringe benefit tax payable of Rs. 0.45 lacs whereon the interest has been calculated till June 2009. The amount of FBT and interest thereon being Rs. 0.37 lacs and Rs. 0.08lacs respectively.

21. Contingent Liabilities / Commitments: - 22 arbitration / DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs. 1,53,623 lacs on various issues during the year are pending with the arbitrator / dispute review board / Courts.

22. There are no deferred tax assets or liability as envisaged by accounting standard-22- Accounting for taxes on Income.

23. No Provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

24. Auditors' Remuneration includes

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Audit fees(including service tax)	0.77	0.79
	0.77	0.79

25. Related Party Disclosure: - No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

26. Cash flow Statement: - Company is required to prepare Cash Flow Statement as though the company is not listed but it is a level – 1 enterprises as per AS-3.

27. The company does not have on its record any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

28. Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

29. Figures have been rounded off to nearest rupees in lacs upto two decimal places.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted)*	-	-	-	-	-
Return on net worth (%)*	-	-	-	-	-
Net asset value per equity share (`)	9.74	9.74	9.74	9.74	9.74
Weighted average number of equity shares outstanding during the year / period (in crore)	6.921	6.921	6.921	6.921	6.921
Total number of share outstanding at the end of the year / period (in crore)	6.921	6.921	6.921	6.921	6.921
Debt Equity Ratio	4.26	3.67	2.71	1.36	0.67

Notes:*
Since Statement of Profit And Loss has not been prepared,these ratios can not be computed.

The ratios have been computed as below:

Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year ending March 31, 2013

Basis for Qualified Opinion

1. The operations of toll plaza at Sonpatya commenced the collection of toll with effect from 9th March 2013. The project has been substantially completed and had also been certified by the Supervising consultant, indicating that the business operations have duly commenced. However the company has not recognized. The said collection as its income.-In fact the said collection has directly been paid to the Government. This has resulted in understatement of income by Rs. 184.45 Lacs.

2. The company has not charged its expenditures incurred, after commencement of business operations, to the profit and loss account and has classified the said amount as preoperative expense which in turn has been transferred to Capital Work in progress. This is violation of AS-9 "Revenue Recognition" and has distorted the correct presentation of profit and loss account and balance sheet. The said amount is indeterminable as no separate records are kept by the company.

3. The company has not transferred its capital WIP to Fixed Assets in spite of the commencement of business operations with effect from 9th March 2013 resulting in understatement of amount of fixed assets and over statement of capital WIP to that extent. The amount of said capital WIP to be capitalized to fixed assets is still indeterminable due to non availability of complete records with the company.

4. No depreciation has been charged due to non transfer of capital WIP to fixed assets. The impact on profit and loss account and balance sheet is indeterminable.

5. Please refer to Revised Note No. 9 of financial statements relating to capital W1P which includes the capital WIP pertaining to HPL Link Road project which should have been transferred to Haldia Development Authority. The respective amount of expenditure is to be recovered from HDA along with interest and other direct expenses. The company has not recognized the said transactions thereby affecting the amount of capital WIP, recoverable assets, income from interest and other income. The impact of the same is indeterminable due to non availability of complete data with the company.

6. With reference to the Revised Note No.1 to the Notes to Accounts forming part of the financial statements the company has shown off Rs.1544.67 as contingent liability. However the Arbitration Tribunal has passed awards against the company for an amount off Rs. 174.04 crores excluding interest which should be shown at the footnote of the Balance Sheet as per revised Schedule VI. No provision has been made by the company against the said awards. This has resulted in understatement of liability to that extent.

7. The provision for audit fee is short by Rs.30, 000 excluding service tax.

8. No provision has been made for Rs. 116.86 Lacs against work done by Haldia Development Authority for its work done for Median Plantation thereby understating the liability by same amount.

9. The article XX of the concession agreement dated 22.9.2003 with NHAI provides that for payment of remuneration, cost and expenses of the Independent consultant shall he paid by NHAI and the company shall reimburse 50% of the said expenses. The supervision consultant appointed by the company shall also act as an independent consultant. However, the company has paid all such expenses since inception and not recovered 50% share from NHAI. This has resulted in overstatement of expenses and understatement of current assets to that extent the amount is indeterminable.

10. The Board had decided to merge the assets and liabilities of the company with NHAI thereby compromising with the concept of 'going concern' in future.

ANNEXURE TO AUDITOR'S REPORT

a. According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, which have not been deposited on account of any dispute. However, Building & construction welfare cess of Rs. 34,87,217/- has not been deposited on account of dispute with the terminated contractor- CWHEC-HCIL (JV). Also there was a disputed case pending with the custom department in the previous year according to which the company is liable to pay a sum of Rs. 9512503/- which the company had not paid & it was shown in the books as outstanding liability.

Year Ending March 31, 2012

ANNEXURE TO AUDITOR'S REPORT

According to the information and explanation given to us, there are no dues of sales tax, income tax, wealth tax, excise duty, service tax which have not been deposited on account of any dispute. However, Building & Construction welfare cess of Rs. 34, 87,217/- has not been deposited on account of a dispute with the terminated contractor – CWHEC-HCIL (JV). Also there was a dispute case pending with the custom department in the previous year, according to which the company is liable to pay a sum of Rs. 95,12,503/- which the company had not paid and it was shown in the books as outstanding liability. The said liability arose on account of breach of contract with the Contractor and auction of Censor Paver machinery on which Custom Duty exemption was availed at the time of purchase. In the year of audit, company moved an appeal to CESTAT, MUMBAI to waive the penalty through M.V KINI & CO; legal advisor hearing is under process.

Year ending March 31, 2010

ANNEXURE TO AUDITOR'S REPORT

According to the information and explanation given to us, there are no dues of sales tax, income tax, wealth tax, excise duty, service tax which have not been deposited on account of any dispute. However, Building & Construction welfare cess of Rs 34.87 lakhs has not been deposited on account of a dispute with the terminated contractor – CWHEC-HCIL (JV); also we have observed that here is a disputed case pending with the custom department, according to which the company is liable to pay sum of Rs. 95.13 lakhs which the company has not paid yet as it is of contingent nature.

Year ended March 31, 2009

ANNEXURE TO AUDITOR'S REPORT

According to the information and explanation given to us, there are no dues of a sales tax, income tax, custom duty, wealth tax, excise duty, service tax which have not been deposited on account of any dispute. However, Building & Construction welfare cess of Rs 38.37 lakhs has not been deposited on account of a dispute with the terminated contractor –CWHEC-HCIL(JV).

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
COCHIN PORT ROAD COMPANY LIMITED
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Cochin Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	Bubber Jindal & Company
2011-12	P.Bholusaria& Co.
2010-11	P.Bholusaria& Co.
2009-10	P.Bholusaria& Co.
2008-09	P.Bholusaria& Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary

Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. Attention is drawn to the following:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities.

6. Other Reformatted Financial Information of the Company:

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: Dec 27, 2013

COCHIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure -I

(Rs. In Lacs)

Particulars	Note	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	**2**	4,480.00	4,480.00	4,480.00	2,005.00	2,005.00
(b) Reserves and Surplus	**3**	(3,758.41)	(2,253.28)	(267.56)	-	-
(2) Share application money pending allotment	**4**	20.00	20.00	20.00	1,495.00	1,495.00
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	**5**	13,331.78	13,152.32	10,985.83	6,063.65	385.69
(b)Other Non - Current Liabilities	**6**	90.92	2.89	-	-	-
(4) Current Liabilities						
(a) Trade Payables	**7**	4.16	4.67	-	-	-
(b)Other Current Liabilities & Provisions	**8**	2,458.23	2,102.75	2,601.80	2,611.80	1,363.08
TOTAL		**16,626.68**	**17,509.34**	**17,820.07**	**12,175.45**	**5,248.76**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets						
(i) Tangible	**9**	0.81	1.06	1.45	2.63	3.80
(ii) Intangible		16,050.89	17,059.02	17,646.02	-	-
(ii) Capital Work in Progress	**9A**	-	-	-	11,701.01	4,805.24
(b) Long term loans and advances	**10**	39.42	94.50	99.35	104.88	64.21
(c) Other non-current assets	**11**	8.76	13.53	18.31	23.88	23.88
(2) Current Assets						
(a) Trade receivables	**12**	32.16	4.09	-	-	-
(b) Cash and Cash equivents	**13**	348.46	331.19	49.97	341.74	349.51
(c) Short-term loans and advances	**14**	139.87	0.92	0.15	0.05	0.25
(d) Other current assets	**15**	6.30	5.03	4.83	1.26	1.87
TOTAL		**16,626.68**	**17,509.34**	**17,820.07**	**12,175.45**	**5,248.76**

COCHIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-II-A

(Rs. In Lacs)

Income:	**Note**	**For the Year Ending 31st March 2013**	**For the Year Ending 31st March 2012**	**For the Year Ending 31st March 2011**
Revenue from operations	**16**	1,005.90	634.11	-
Other Income	**17.1**	21.98	10.14	0.29
Total Revenue		**1,027.87**	**644.25**	**0.29**
Expenses:				
Employee Benefit Expense	**18.1**	3.74	3.74	0.64
Expenses connected with Rendering Service	**19.1**	109.03	205.48	-
Finance Cost	**20.1**	1,399.68	1,377.62	106.19
Depreciation/Amortisation		1,008.38	1,013.81	159.35
Other Expenses	**21.1**	10.06	29.24	1.67
Total Expenses		**2,530.89**	**2,629.89**	**267.85**
Less Prior period Items		2.12		
Profit/(Loss) for the year before Taxation		**(1,505.13)**	**(1,985.64)**	**(267.56)**
Tax expense:				
Provision for Taxation				
- Current		-	-	-
- Deferred		-	-	-
- Earlier Years		-	0.083	-
Provision for FBT		-	-	-
Profit/(Loss) for the year after Taxation		**(1,505.13)**	**(1,985.72)**	**(267.56)**
Earning per equity share:				
Equity share of Par value ` 10/-each				
Basic	**22**	(3.36)	(4.43)	(1.00)
Diluted	**22**	(2.60)	(3.43)	(0.47)

COCHIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PREOPERATIVE EXPENDITURE

Annexure-II-B
(Rs. In Lacs)

Particulars	Note	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
Pre -Operative Expenditure				
Expenses:				
Employee Benefit Expense	**18.2**	3.33	1.44	1.57
Expenses connected with Rendering Service	**19.2**		-	-
Finance Cost	**20.2**	428.45	86.62	28.68
Depreciation/Amortisation		0.98	1.17	1.17
Other Expenses	**21.2**	12.27	5.64	53.71
Total Expenditure	**(A)**	445.03	94.88	85.14
LESS :-				
Other Income	**17.2**	0.69	2.06	16.15
Total Income	**(B)**	**0.69**	**2.06**	**16.15**
Total	**C=(A-B)**	**(444.34)**	**(92.82)**	**(68.99)**
Tax expense	**(D)**			
Provision for Taxation				
- Current		-	0.64	5.05
- Deferred		-	-	-
- Earlier Years		-	0.02	(0.60)
Provision for FBT			-	0.05
Profit/(Loss) for the year after Taxation	**E=(C-D)**	**(444.34)**	**(93.48)**	**(73.49)**
Balance brought forward from last year		270.71	177.23	103.74
Balance of preoperative expenditure carried forward				
to capital WIP		**(715.04)**	**(270.71)**	**(177.23)**

COCHIN PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

S.no	Particulars	For the Year Ending 31st March 2013	For the Year Ending 31st March 2012	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Net Profit before Tax as per Statement of Profit & Loss	(1,505.13)	(1,985.72)	(267.56)	-	-
	Add : Adjustment for :-					
	- Depreciation / Amortisation	1,008.38	1,013.81	159.35	-	-
	- Interest Paid	1,399.68	1,377.62	106.19	-	-
	- Preliminary Expenses written off	4.78	4.78	0.80	-	-
	- Interest Income	(19.85)	(8.34)	(0.09)	-	-
	Operating profit (loss) before working capital changes	**887.85**	**402.15**	**(1.32)**	**-**	**-**
	Increase / Decrease in Current Liabilities & Trade Payables	354.96	(493.59)	(10.00)	-	-
	Increase / Decrease in Current Assets & loans & advances	(117.99)	(5.00)	1.07	-	-
	Increase / Decrease in Non Current Assets	4.78	4.78	5.57	-	-
	Increase/Decrease in Long Term liabilities	88.03	2.89	-	-	-
	Tax Paid	-	(0.79)	-	-	-
	Net cash from Operating Activities	**1,217.63**	**(89.57)**	**(4.67)**	**-**	**-**
	Cash Flow from operating activities after extraordinary items	**1,218**	**(90)**	**(5)**	-	-
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Adjustments for:	-	-	-	-	-
	Sale/(Purchase) of Fixed Assets	-	(426.41)	(17,804.20)	1.17	1.17
	Sale/(Purchase) of CWIP	-	-	11,701.01	(6,895.77)	(1,496.80)
	Increase / Decrease in Current Liabilities & Trade Payables	-	-	-	1,248.72	1,093.19
	Increase / Decrease in Current Assets & loans & advances	-	-	-	(39.86)	10.53
	Increase / Decrease in Non Current Assets	-	-	-	-	-
	Increase/Decrease in Long Term liabilities	-	-	-	-	(14.98)
	Interest Income	19.85	8.34	0.09	-	-
	Net cash used in Investing Activities	**19.85**	**(418.07)**	**(6,103.09)**	**(5,685.73)**	**(406.89)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from Issuance of Share Capital	-	-	2,475.00	-	-
	Proceeds from Share Application Money	-	-	(1,475.00)	-	320.00
	Proceeds from long term borrowings	179.47	2,166.49	4,922.18	5,677.96	25.43
	Interest paid	(1,399.68)	(1,377.62)	(106.19)	-	-
	Net cash used in Financing Activities	**(1,220.21)**	**788.86**	**5,815.99**	**5,677.96**	**345.43**
	Net Increase / (Decrease) in cash and cash equivalents during					
	the year (A+B+C)	17.27	281.22	(291.18)	(7.77)	(61.46)
	Opening balance of cash and cash equivalents	331.19	49.97	341.74	349.51	410.97
	Closing balance of cash and cash equivalents	**348.46**	**331.19**	**49.97**	**341.74**	**349.51**

COCHIN PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

Annexure-IV

2. Share Capital

(Figures In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Authorized Capital	4,500.00	4,500.00	4,500.00	3,500.00	3,500.00
	4,500.00	4,500.00	4,500.00	3,500.00	3,500.00
Issued, Subscribed and Paid-up	4,480.00	4,480.00	4,480.00	2,005.00	2,005.00
	4,480.00	**4,480.00**	**4,480.00**	**2,005.00**	**2,005.00**

(All the shares are held by NHAI the parent organisation and its nominees)

Reconciliation of the shares outstanding at the beginning and the end of the reporting period

Equity Shares

PARTICULARS	AS AT 31st March,2013 No. of Shares	AS AT 31st March,2012 No. of Shares	AS AT 31st March,2011 No. of Shares	AS AT 31st March,2010 No. of Shares	AS AT 31st March,2009 No. of Shares
At the beginning of the year	448.00	448.00	200.50	200.50	200.50
Add: Shares issued during the year	-	-	247.50	-	
Balance as at the end of the year	**448.00**	**448.00**	**448.00**	**200.50**	**200.50**

Details of shares held by the shareholders holding more than 5% of the aggregate shares in the Company

PARTICULARS Name of Shareholder	AS AT 31st March,2013 No. of Shares	AS AT 31st March,2012 No. of Shares	AS AT 31st March,2011 No. of Shares	AS AT 31st March,2010 No. of Shares	AS AT 31st March,2009 No. of Shares
National Highway Authority Of India(including its Nominees) 100 % Holding	448.00	448.00	448.00	200.50	200.50
	448.00	**448.00**	**448.00**	**200.50**	**200.50**

COCHIN PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

3.RESERVES & SURPLUS **Annexure-IV**

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Surplus (Profit & Loss Account)					
Opening Balance	(2,253.28)	(267.56)	-	-	-
Current Year Profit/(Loss)	(1,505.13)	(1,985.72)	(267.56)	-	-
Total	**(3,758.41)**	**(2,253.28)**	**(267.56)**	**-**	**-**

4. SHARE APPLICATION MONEY PENDING ALLOTMENT **(Rs. In Lacs)**

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Share Application Money Received	1,310.00	1,310.00	1,310.00	3,746.00	2,475.00
Less: Amount of share application Money Received over and above the available authorised share capital	1,290.00	1,290.00	1,290.00	2,251.00	980.00
Total	**20.00**	**20.00**	**20.00**	**1,495.00**	**1,495.00**

5. LONG TERM BORROWINGS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Unsecured					
Loan From Related Party - NHAI	13,331.78	13,152.32	10,985.83	6,063.65	385.69
Total	**13,331.78**	**13,152.32**	**10,985.83**	**6,063.65**	**385.69**

6. OTHER NON CURRENT LIABILITIES **(Rs. In Lacs)**

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Performance Security	84.17	-	-	-	-
Retention	6.41	2.54	-	-	-
Others	0.34	0.34	-	-	-
Total	**90.92**	**2.89**	**-**	**-**	**-**

7.TRADE PAYABLES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Micro, Small and Medium Enterprises	-	-	-	-	-
Others	4.16	4.67	-	-	-
Total	**4.16**	**4.67**	**-**	**-**	**-**

8. OTHER CURRENT LIABILITIES & PROVISIONS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Current Maturities of Long term Debt	940.00	543.00	265.00	-	-
Share Application Money Pending Allotment	1,290.00	1,290.00	1,290.00	2,251.00	980.00
Statutory Dues Payable	142.91	153.11	85.18	48.34	29.01
Retention	-	-	92.30	198.27	51.03
Payable for Capital Expenditure	73.97	73.97	861.62	114.02	301.57
Amount (Recoverable)/Payable from/to NHAI	3.91	-	-	-	-
Expenses Payable	3.24	33.57	4.46	-	-
Payable to Group Company	0.02	0.11	-	-	-
Security Deposit(EMD)	4.18	9.00	3.24	-	0.40
Other liabilities & Provisions	-	-	-	0.17	1.02
Provision for income tax (net advance tax)	-	-	-	-	0.04
Total	**2,458.23**	**2,102.75**	**2,601.80**	**2,611.80**	**1,363.08**

COCHIN PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

9. FIXED ASSETS

Annexure-IV
(Rs. In Lacs)

Pariculars	NET BLOCK				
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Toll Road & Bridges	16,050.89	17,059.02	17,646.02	-	-
Furniture & Fittings	0.64	0.69	-	-	-
Computer & EDP Equipment	-	0.20	1.37	2.54	3.71
Office Equipment	0.16	0.17	0.09	0.09	0.09
Total	**16,051.70**	**17,060.08**	**17,647.48**	**2.63**	**3.80**
Previous Year	**17,060.08**	**17,647.48**	**2.63**	**3.80**	**4.98**

9A. CAPITAL WIP

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
A-Capital WIP at site	-	-	-	-	-
CWIP - Civil	-	-	16,399.75	10,835.26	3,569.73
CWIP - Other Consultancy Services	-	-	12.90	4.71	0.39
CWIP - supervision Consultancy	-	-	677.49	561.23	451.09
Material Advance	-	-	-	29.10	89.69
Equipment Advances	-	-	-	-	517.11
Total (A)	-	-	17,090.14	11,430.30	4,628.02
	-	-	-	-	-
B-Transfer from Preoperative statement*	-	-	715.04	270.71	177.23
Total (A+B)	-	-	17,805.18	11,701.01	4,805.24
-Capitalised / transferred to fixed assets	-	-	17,805.18	-	-
Total	**-**	**-**	**-**	**11,701.01**	**4,805.24**

COCHIN PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

10.LONG TERM LOANS & ADVANCES **Annexure-IV**

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	At 31st March 2009
Unsecured, considered good					
Advance Against Deposit Work	39.42	39.42	39.42	39.42	-
Amount Recoverable From NHAI	-	54.07	58.84	65.46	64.21
Advance Tax and TDS	-	1.01	1.09	-	-
Expenses Recoverable	-	-	-	-	-
Total	**39.42**	**94.50**	**99.35**	**104.88**	**64.21**

11. Other Non-Current Assets

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Unamortised Preliminary Expenditure	8.76	13.53	18.31	23.88	23.88
Total	**8.76**	**13.53**	**18.31**	**23.88**	**23.88**

12.TRADE RECEIVABLES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Due for more than six months	12.40	4.09	-	-	-
Others	19.76	-	-	-	-
Total	**32.16**	**4.09**	**-**	**-**	**-**

13. CASH & CASH EQUIVALENTS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Cash and Cash Equivalents					
Cash on Hand	-	2.64	-	-	-
Balances with bank					
- In Current Accounts	64.28	232.47	14.97	40.74	164.02
- Deposits Accounts	284.18	96.09	35.00	301.00	185.49
Total	**348.46**	**331.19**	**49.97**	**341.74**	**349.51**

14.SHORT TERM LOANS & ADVANCES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Unsecured, considered good					
Advance Against Deposit Work	-	-	-	-	-
Amount Recoverable From NHAI	-	-	-	-	-
Advance Tax and TDS	3.86	0.91	0.13	0.05	0.25
Expenses Recoverable	136.01	0.01	0.02	-	-
Total	**139.87**	**0.92**	**0.15**	**0.05**	**0.25**

15. OTHER CURRENT ASSETS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2013	AS AT 31st March,2012	AS AT 31st March,2011	AS AT 31st March,2010	AS AT 31st March,2009
Income Tax & FBT Refund Receivable	-	-	-	1.09	0.74
Unamortised Preliminary Expenses	4.78	4.78	4.78	-	-
Interest accrued on Deposits with Bank	1.53	0.26	0.05	0.17	1.13
Total	**6.30**	**5.03**	**4.83**	**1.26**	**1.87**

COCHIN PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-V

16. REVENUE FROM OPERATIONS **(Rs. In Lacs)**

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
- Sale of Services					
Toll Revenue	997.58	630.02	-	-	-
- Reimburshment Recoverable from Kerala Government of toll fee	8.31	4.09	-	-	-
Total	**1,005.90**	**634.11**	**-**	**-**	**-**

17.1 OTHER INCOME **(Rs. In Lacs)**

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Interest on Deposits with Bank	19.85	8.34	0.09	-	-
Other Miscellaneous Income	2.12	1.80	0.20	-	-
Total	**21.98**	**10.14**	**0.29**	**-**	**-**

17.2 OTHER INCOME **(Rs. In Lacs)**

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Interest on Deposits with Bank	-	-	0.69	2.06	15.86
Other Miscellaneous Income	-	-	-	-	0.29
Total	**-**	**-**	**0.69**	**2.06**	**16.15**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS & PREOPERATIVE EXPENDITURE

(Rs. In Lacs)

18.1 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Salary & Wages	3.74	3.74	0.64	-	-
Staff welfare exp.	-	-	-	-	-
CPF-Contribution	-	-	-	-	-
	-	-	-	-	-
Total	**3.74**	**3.74**	**0.64**	**-**	**-**

18.2 EMPLOYEE BENEFIT EXPENSES (Rs. In Lacs)

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Salary & Wages	3.74	-	3.33	1.36	1.49
Staff welfare exp.	-	-	-	0.03	0.03
CPF-Contribution	-	-	-	0.06	0.04
Total	**3.74**	**-**	**3.33**	**1.44**	**1.57**

19. EXPENSES CONNECTED WITH RENDERING SERVICES (Rs. In Lacs)

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Expenditure on Toll Collection	28.50	145.74	-	-	-
Beautification Work	63.83	26.86	-	-	-
Advertising	0.49	15.45	-	-	-
Printing and Stationery	0.20	8.53	-	-	-
Other Expenses	1.62	8.90	-	-	-
Repair and Maintenance	6.50	-	-	-	-
Legal and Professional Charges	7.88	-	-	-	-
Total	**109.03**	**205.48**	**-**	**-**	**-**

20.1 FINANCE COST (Rs. In Lacs)

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Interest on Loan to NHAI	1,399.68	1,377.05	106.19	-	-
Bank Charges	0.00	0.57	-	-	-
Total	**1,399.68**	**1,377.62**	**106.19**	**-**	**-**

20.2 FINANCE COST (Rs. In Lacs)

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Interest on Loan to NHAI	-	-	428.45	86.62	28.68
Bank Charges	-	-	-	-	-
Total	**-**	**-**	**428.45**	**86.62**	**28.68**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS & PREOPERATIVE EXPENDITURE

21.1OTHER EXPENSES

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Legal & Professional Expenses	4.49	20.51	0.81	-	-
Electricity & Water	-	3.13	0.05	-	-
Miscellaneous	0.20	0.20	0.00	-	-
Bank charges	-	-	-	-	-
Travelling & Conveyance	0.59	0.05	0.01	-	-
Repair & Maintainence - Others	-	0.20	0.01	-	-
Preliminary Expenses Written off	4.78	4.78	0.80	-	-
Printing & Stationary	0.01	0.37	0.00	-	-
Total	**10.06**	**29.24**	**1.67**	**-**	**-**

21.2 OTHER EXPENSES

PARTICULARS	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011	Year ended 31st March,2010	Year ended 31st March,2009
Advertisment Expenses	-	-	0.39	-	-
Legal & Professional Expenses	-	-	2.53	3.32	3.64
Electricity & Water	-	-	0.08	0.12	0.32
Miscellaneous	-	-	0.01	0.09	0.13
Travelling & Conveyance	-	-	0.01	1.41	1.86
Repair & Maintainence - Others	-	-	0.01	0.04	0.05
Preliminary Expenses Written off	-	-	-	-	-
Printing & Stationary	-	-	0.03	0.06	0.05
Security charges	-	-	-	0.10	0.18
Postage & Telegram	-	-	-	0.03	0.02
Filling Fees	-	-	6.65	0.29	0.00
Telephone & Telex	-	-	0.08	0.08	0.09
Interest on TDS	-	-	-	0.04	-
Lease rent	-	-	-	0.06	0.22
Advertisment Expenses	-	-	-	-	10.63
Maintenance of Highways	-	-	-	-	36.55
Rent-Office Building	-	-	-	-	-
Excess provision for expenses	-	-	-	-	(0.03)
	-	-	-	-	-
Total	**-**	**-**	**9.79**	**5.64**	**53.71**

22. EARNING PER SHARE / (AS-20) :-

Particulars	Year ended 31st March,2013	Year ended 31st March,2012	Year ended 31st March,2011
Profit (loss) for the year attributable to equity shareholders (`)	(1,505)	(1,986)	(268)
Face value per equity share (`)	10/-	10/-	10/-
Weighted average no. of equity shares for computing basic earning per share	448	448	267
Weighted average no. of equity shares for computing diluted earning per share	579	579	575
Basic earning per share (in `)	(3.36)	(4.43)	(1.00)
Diluted earning per share (In `)	(2.60)	(3.43)	(0.47)

COCHIN PORT ROAD COMPANY LIMITED

Annexure VI

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31ST MARCH, 2013, 2012, 2011, 2010 and 2009).

1. Background (March 31, 2013 and 2012)

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Cochin Port connectivity project under the "Build – Operate – Transfer" (BOT) basis. The company is wholly owned by National Highway Authority of India (NHAI). A concession Agreement entered between the Company and NHAI confer the right to the Company to implement the project and levy toll / user charges over the long concession period after completion of construction. The project was capitalized and transferred to fixed asset during the previous financial year 2010-11. The toll collection has started during the year.

Background (March 31, 2011, 2010, and 2009)

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Cochin Port connectivity project under the "Build – Operate – Transfer" (BOT) basis. The company is wholly owned by National Highway Authority of India (NHAI). A concession Agreement entered between the Company and NHAI confer the right to the Company to implement the project and levy toll / user charges over the long concession period after completion of construction. The project was capitalized and transferred to fixed asset during the previous financial year 2010-11.

II. Significant Accounting Policies

a) Basis of accounting (March 31, 2013, 2012, 2011, 2010 and 2009)

The financial statements have been prepared under historical cost convention, on the accrual basis of accounting.

b) Revenue Recognition (March 31, 2013, 2012)

Toll Revenue is recognized as per the toll collected at the Port Road.

c) Fixed Assets (March 31, 2013, 2012, 2011, 2010 and 2009)

Fixed assets are stated at their original cost of acquisition (including incidental expenses relating to the acquisition and installation of the assets) less depreciation.

d) Depreciation on Fixed Assets (March 31, 2013, 2012)

Depreciation on fixed assets, other than the Toll Road Assets, is provided on the basis of Straight Line Method at the rate and in the manner prescribed in schedule XIV to the Companies Act, 1956. Assets costing upto Rs.0.05 Lac are fully depreciated in the year of acquisition.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period after the date of completion of project.

Depreciation on Fixed Assets (March 31, 2011, 2010 and 2009)

Depreciation on fixed assets, other than the Toll Road Assets, is provided on the basis of Straight Line Method at the rate and in the manner prescribed in schedule XIV to the Companies Act, 1956.
Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period after the date of completion of project.

e) Investments (March 31, 2013, 2012, 2011, 2010 and 2009)

Investments will be valued at lower of cost or market value.

f) Borrowing Costs (March 31, 2013, 2012, 2011, 2010 and 2009)

Interest prior to the completion of project is capitalized to the qualifying asset. Interest after the completion of project is charged to Revenue.

g) Miscellaneous expenditure (March 31, 2013, 2012, 2011, 2010 and 2009)

The miscellaneous expenditure is amortized on Pro-rata basis over a period of five years commencing from the completion of project.

h) Contingencies (March 31, 2013, 2012, 2011, 2010 and 2009)

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

i) Deferred Taxation (March 31, 2013, 2012, 2011, 2010 and 2009)

Tax Liability of the Company is estimated considering the provision of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) Impairment of Fixed Assets (March 31, 2013, 2012, 2011, 2010 and 2009)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

<u>Notes forming part of the financial statements for the year ended 31.03.2013</u>

1. <u>Contingent Liabilities</u>

<u>Claim against the company not acknowldged as debt Rs.1214100000/-(previous year Rs.1214100000/-)</u>

One of the contractors has filed the claim for termination of contract on the non-performance of contract and bank guarantee was invoked. Company has lodged a case before the Hon'ble Delhi High Court aggrieved by the order of the arbitral tribunal and contract claim is still pending before the arbitral tribunal.

2. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the Parent organization; no payment has been made to them as salary / allowance or otherwise.

3. The liability as actual valuation is not worked out in case of NHAI employees as required in "AS 15 -Accounting for Retirement Benefits in the financial statements of employers".

4. In view of the losses, no provision for income tax is required to be made.

5. The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognized as a matter of prudence in compliance with Accounting Standard – 22.

6. The company being a wholly owned state controlled Enterprise as defined under Accounting Standard – 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

7. As per the information available, there are no sum payables by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

8. There are no separate reportable segments as per accounting standard – AS-17.

9. Bill amounting to Rs.30460940/-(Three Crore Four Lac Sixty Thousand Nine Hundred and Forty) of a Contractor relating to the Toll Plaza has been submitted by the party. Out of Which Rs.56,19,371/-(Fifty Six Lacs Nineteen Thousand Nine Three Hundred & Seventy One) has been deducted on account of work done not as per NHAI.

Further Rs.13600000/-(One Crore Thirty Six Lacs) has already been paid in advance. As per Concerned Official`s Comment the balance amount of Rs.11241569/- (One Crore Twelve Lacs Forty One Thousand Five Sixty Nine i.e.30460940 - 5619371-13600000/-) should be shown in the contingent liability. Accordingly Rs.13600000/-(One Crore Thirty Six Lacs) should have been capitalized and Amortization should have been done for Current year & previous year which comes to Rs. 7,24,880/- (NIL) and Rs.7,52,080//- (7,52,080). The same has not been provided due to pending approval of the Board of Directors.

10. As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible assets.
As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period.
Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion from the experts on the subject. So the Management of the Company has not considered the changes in the depreciation system, as per the amended Schedule XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained.

11. Prior Period Expenses-Rs.211917.00 charged to Statement of Profit & Loss on account of Rs.117850/- Legal & Professional charges, Rs.81910/- on account of Exps. on Toll Collection and Rs.12157/-on account of Audit Fee.

12. Other information pursuant to Schedule VI of the Companies Act, 1956, other than disclosed in the financial statements are either NIL or not applicable to the company.

13. Previous year's figures have been regrouped / rearranged wherever considered necessary.

Forming part of the financial statements for the year ended 31.03.2012

1. Contingent Liability

Claim against the company not acknowledged as debt Rs.1,21,41 Lac (Previous Year Rs. 1,21,41 Lac)

Contractor whose contract was terminated in the earlier year had filed a case against the company. The contract was terminated on the non-performance of the contract and bank guarantees were invoked. The case was referred to Dispute Resolution Board (DRB). Before the DRB, the contractor made claims of Rs.1,19,24 Lac against the company DRB recommended the Company to pay 5% of balance works amount, which comes out to be Rs. 316 Lac. This amount is to be paid along with 12% interest per annum**.** Not being satisfied with the DRB's recommendation, the contractor carried the matter to arbitral Tribunal and revised its claim against the company to Rs.1,21,41Lac Before the arbitral tribunal, the company also disputed the DRB's recommendation to pay 5% of balance works amount. The Arbitral Tribunal recommended to release the payment as recommended by DRB thus rejecting the company's contention. Being aggrieved by the order of Arbitral Tribunal, the company has filed a case before the Hon'ble Delhi High Court. With regard to contractors claim, the matter is still pending before the Arbitral Tribunal. In the opinion of management, no provision is required to be made.

2. In the previous financial year 2010-11, NHAI had charged interest @6.10% on the loan given to the company. However, during the current year NHAI has increased the rate of interest to 10.50%. Such increase in rate has been made effective retrospectively for F.Y. 2010-11 also. As a result of this, interest amounting to Rs.385.64 Lac pertaining to the previous year has also been charged by NHAI from the company during the year. Out of this, amount of Rs. 309.04 Lac for the period from 01.04.2010 to 31.01.2011 (i.e. upto the deemed date of completion of project) has been capitalized to fixed asset – "Roads & Bridges" and the balance interest of Rs.76.60Lac for the period 01.02.2011 to 31.03.2011 has been charged in the Statement of Profit & Loss under the head Finance Cost. As per earlier practice interest was charged by NHAI based on average rate of bank FDR in view of surplus funds with NHAI. However due to changed scenario when NHAI at times resorted to overdraft from bank, the rate of interest has been increased.

3. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the Parent organization; no payment has been made to them as salary / allowance or otherwise.

4. No provision is required to be made for gratuity, leave encashment and other retirement benefits as the same is taken care of by NHAI.

5. In view of the losses, no provision for income tax is required to be made.

6. Provisions relating to Contractors bill have been made by ascertaining the value of work done. If there will be any change, the same will be accounted for / adjusted after the final bill is approved and accepted by the management.

7. The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognized as a matter of prudence in compliance with Accounting Standard – 22.

8. The company being a wholly owned state controlled Enterprise as defined under Accounting Standard – 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

9. As per the information available, there is no sum payable by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

10. There are no separate reportable segments as per accounting standard – AS-17.

11. Prior period Items

a) Interest amounting to Rs. 309.04Lac pertaining to prior period has been capitalized during the year to Fixed Asset - Toll road & Bridges.

b) Prior period expenses: - Interest of Rs.76.60 Lac and depreciation of Rs.3.80 Lac pertaining to prior period has been charged to Statement of Profit and Loss during the year under the respective head of account.

12. Other information pursuant to Schedule VI of the Companies Act, 1956, other than disclosed in the financial statements are either NIL or not applicable to the company.

13. Previous year's figures have been regrouped / rearranged wherever considered necessary.

NOTES TO ACCOUNTS FOR THE YEAR ENDED On 31 March, 2011

1. Contingent Liability

a) Contractor whose contract was terminated in the earlier year had filed a case against the company. The contract was terminated on the non performance of the contract and bank guarantees were invoked. Contingent Liabilities on account of Contractor's claims against the company not acknowledged as debts Rs.111.29 Crore. (Previous year Rs.111.29 Crore). The case was referred to Dispute Resolution Board (DRB) and DRB recommended the Company to pay 5% of balance works amount, which comes out to be Rs.3.17 cores. This amount is to be paid along with 12% interest per annum. The matter was carried to Arbitral Tribunal which recommended to release the payment as the Company is preparing to challenge the matter to the competent Court.

b) The estimated amount of contracts remaining to the executed on capital accounts (net of advances) and not provided for amounting to Rs.NIL (Previous year amounting to Rs.77 Crores).

2.a) Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

b) Interest amounting to Rs.5,34,64,318/- (previous year Rs.86,62,454/-) calculated @ 6.10% (Previous Year@ 4.56%) has been provided on sub debt received from NHAI.

c) As per arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been charged to NHAI in the accounts.

3. All the Directors of the company arc holding office in company as nominee's of National Highways Authority of India, the Parent organization, no payment has been made to them as salary / allowance or otherwise.

4. No provision is required to be made for gratuity, leave encashment and other retirement benefits.

5. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6. In view of the loss, no provision for income tax is required.

7. Tax deducted at source amounting to Rs.l285154/- on the provisions made relating to contractual work outstanding as on 31.03.2011 has not yet been deposited as, in the opinion of management, it will be deposited once the final bill of the contractor is received.

8. Toll Road Asset has been constructed on Land granted to the company under a concession agreement with NHAI for a period of 25 years commencing from the appointed date viz 24.02.2004. The concession period will end on 23.02.2029. Since the project has been treated completed on 31.01.2011, the Toll Road Asset arc amortized on pro-rata basis over the concession period remaining after the date of completion of project. Thus, such period from 01.02.2011 to 23.02.2029 comes to 18 years 23 days. Accordingly Toll Road Assets are amortized proportionally over such period. The rate of amortization / depreciation comes to 5.53% p.a.

9. The project/work in progress has been capitalized to Fixed Assets- "Roads & Bridges" as on 31st January 2011 being the date of substantial completion of project as also certified by the construction supervision consultant. Bill/ provision relating to contractor booked / made even after 31" January 2011 has been capitalized because they arc relating to Project Work only. Accordingly depreciation has been provided with effect from 01.02.2011 although toll revenue / receipt have not started upto the year ended 31.03.2011.

10. The final bill of the contractor has not been received. However, provisions have been made by ascertaining the value of work done. In the opinion of management, there will not be any material change in the amount that will be as per the contractor's final bill If there will be any change, the same will be accounted for adjusted after the receipt of final bill as approved and accepted by the management.

11. In the absence of timing difference, Provision for Deferred Tax as per Accounting Standard- 22 is not applicable.

12. Interest on loan upto the date of completion of project i.e. 31.01.2011 has been capitalized to pre-operative expenditure and interest after 31.01.2011 has been charged to profit & Loss A/c. Expenditures directly identified as incurred for or upto the date of completion of project have also been allocated to pre-operative expenditures. Other establishment and administrative expenses common for the year has been allocated to "Pre-operative Expenditure" and "Profit & Loss Account" on proportionate period basis.

13. The company being a wholly state Owned Enterprise as defined under Accounting Standard – 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

14. The company had no amounts payable to small-scale industrial undertaking as defined under section 3(1) of Industries (Development and Regulation) Act, 1951 as at 31st March 2011 outstanding for more than 30 days in excess of Rs.l00,000/- (Previous Year NIL).

15. The authorized share capital of the company is less than the aggregate of paid up share capital and share application money (pending allotment). In the opinion of management, the authorized share capital will be increased, if required, at the time of allotment of shares.

16. Earning per share (AS-20):-

(figure in Rs.)

Particulars	Current Year	Previous Year
Profit(loss) for the year attributable to equity shareholders	(26756186)	N.A.
Face value per equity share	Rs.10/-	N.A.
Weighted average no.of equity shares for basic earning per share	26695205	N.A.
Weighted average no. of equity shares computing diluted earning per share	57511068	N.A.
Basic earning per share (in Rs.)	1.002	N.A.
Diluted earning per share(Rs.)	0.465	N.A.

17. Tax deducted at source on interest received from bank Rs.7924/- (Previous Year Rs.50728/-)

18. There are no separate reportablee segments as per accounting standard AS-17.

19. Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956 is enclosed.

20. Other information pursuant to Schedule VI of the Companies Act, 1956, other than disclosed in the financial statements are either NIL or not applicable to the company.

21. Paisas have been rounded of to nearest rupee.

22. Previous year's figures have been regrouped /rearranged and wherever considered necessary.

Notes forming part of the financial statements for the year ended 31.03.2010

1. Contingent Liablity

a) Contractor whose contract was terminated in the earlier year has filed the case against the company, which is pending. The contract was terminated on the non-performance of the contract and bank guarantees were invoked. Contingent Liabilities on account of Contractor's claims against the company not acknowledged as debts Rs.111.29 Crore. (Previous year Rs.111.29 Crore). The case was referred to Dispute Resolution Board and DRB has recommended the Company to pay 5% of balance works amount, which comes on to be Rs.3.17 cores. This amount is to be paid along with 12% interest per annum. In the opinion of management, no provision is required as the company is preparing to take up the matter to arbitration.

b) The estimated cost (revised) of the project to be undertaken is Rs.l93 Crore. The estimated amount of contracts remaining to the executed on capital accounts (net of advances) and not provided for amounting to Rs.77 Crore (Previous year amounting to Rs.l45 Crore).

2. Expenditure incurred in connection with the Project i.e. Pre-operative expenditure pending allocations to fixed assets on commissioning of the Project are also included in Capital Work in Progress.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

Interest amounting to Rs.86,62,454/- (previous year Rs.28,67,675/-) calculated@ 4.56% (Previous Year@ 7.96%) has been provided on sub debt received from NHAI and the same is being shown as pre-operative expenditure pending allocation to fixed assets on commissioning of the project.

As per arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been charged to NHAI in the accounts.

3. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the Parent organization, no payment has been made to them as salary/ allowance or otherwise.

4. No provision has been made for gratuity, leave encashment and other retirement benefits.

5. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6. Since there is no Profit/Loss, Earning per share pursuant to "Accounting Standard-20" has not been given.

7. Provision for income tax is in respect of Interest Income and other receipt as reflected in the statement of pre-operative expenditure.

8. Interest Income on fixed deposits with banks has been accounted for on accrual basis.TDS thereon has accounted for as per certificate received from banks. In some of the cases the bank has deducted TDS at the time of maturity/ renewal however, the company has accounted for the interest income on accrual basis.

9. Auditors Remuneration includes: -

Amount (Rs.)

Particulars	**Year ended 31.3.2010**	**Year ended 31.3.2009**
Audit Fees (Including Service Tax)	77,210	77,210
Total	77,210	77,210

10. In the absence of timing difference, Provision for Deferred Tax as per Accounting Standard-22 is not applicable.

11. Pre-operative Expenditure includes provision of interest amounting to Rs.2,61,08,107/- (Previous year Rs.l.74,45,653) on Debts provided by NHAI. It has been agreed that repayment of sub-ordinate debts and the interest thereon is due only on the commencement of commercial operations.

12. The company being a wholly state Owned Enterprise as defined under Accounting Standard -18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

13. The company had no amounts payable to small-scale industrial undertaking as defined under section 3(I) of Industries (Development and Regulation) Act, 1951 as at 31st March 2010 outstanding for more than 30 days in excess of Rs.100000/- (Previous Year NIL).

14. The authorized share capital of the company is less than the aggregate of paid up share capital and share application money (pending allotment). In the opinion of management, the authorized share capital will be increased, if required at the time of allotment of shares.

15. None of the directors of the company is disqualified as on 31" March 2010 from being appointed as a director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956. The company is in the process of obtaining written representation from the directors to this effect.

16. Additional information pursuant to the Provision of part II of Schedule VI of the Companies Act, 1956 is NIL, other than given in statement of Pre-Operative Expenditure which is forming part of accounts.

17. Paisas have been rounded off to nearest rupee.

18. Previous year's figures have been regrouped / rearranged and wherever considered necessary.

Notes forming part of the financial statements for the year ended 31.03.2009

1. **Contingent Liability**

a) Contractor whose contract was terminated in the earlier year has filed the case against the company, which is pending. The contract was terminated on the non- performance of the contract and bank guarantees were invoked. Contingent Liabilities on account of Contractor's claims against the company not acknowledged as debts is Rs.111.29 Crore. (Previous year N.A.)

b) The estimated cost (revised) of the project to be undertaken is Rs.l93 Crore. The estimated amount of contracts remaining to the executed on capital accounts (net of advances) and not provided for amounting to Rs.l45 Crore (Previous year amounting to Rs.73 crore).

2. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project arc also included in Capital Work in Progress in Schedule 4.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

Interest amounting to Rs.28,67,675/- (previous year Rs.40,18,022/-) calculated@7.96% (Previous Year@ 7.42%) has been provided on sub debt received from NHAI and the same is being shown as pre-operative expenditure pending allocation to fixed assets on commissioning of the project.

As per arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been charged to NHAI in the accounts.

3. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the Parent organization, no payment has been made to them as salary/ allowance or otherwise.

4. No provision has been made for gratuity, leave encashment and other retirement benefits.

5. In the opinion of the Management, Current Assets, Loans and Advances arc stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6. Since there is no Profit / Loss, Earning per share pursuant .to "Accounting Standard-20" has not been given.

7. Provision for income tax is in respect of Interest Income and other receipt as reflected in the statement of pre-operative expenditure.

8. Interest Income on fixed deposits with banks has been accounted for on accrual basis. TDS thereon has been accounted for as per certificate received from banks. In some of the cases the bank has deducted TDS at the time of maturity / renewal however, the company has accounted for the interest income on accrual basis.

9. Auditors Remuneration Includes:-

Amount (Rs.)

Particulars	**Year ended 31.03.2009**	**Year ended 31.03.2008**
Audit Fees (including service Tax)	77,210	78,652
Total	77,210	78,652

10. In the absence of timing difference, Provision for Deferred Tax as per Accounting Standard-22 is not applicable.

11. Pre-operative Expenditure includes provision of interest amounting to Rs.1,74,45,653/- (Previous year Rs.1,45,77,978) on Debts provided by NHAI. It has been agreed that repayment of sub-ordinate debts and the interest thereon is due only on the commencement of commercial operations.

12. The company being a wholly state Owned Enterprise as defined under Accounting Standard - 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

13. The company had no amounts payable to small-scale industrial undertaking as defined under section 3(1) of Industries (Development and Regulation) Act, 1951 as at 31" March 2009 outstanding for more than 30 days in excess of Rs.1,00,000/- (Previous Year **NIL).**

14. TDS (Sales Tax) amounting to Rs.68,734/- outstanding prior to 01.04.2008 has been deposited subsequent to year end i.e. after 31.03.2009.

15. The authorized share capital of the company is less than the aggregate of paid up share capital and share application money (pending allotment). In the opinion of management, the authorized share capital will be increased, if required, at the time of allotment of shares.

16. None of the directors of the company is disqualified as on 31" March 2009 from being appointed as a director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956. The company is in the process of obtaining written representation from the directors to this effect.

17. Additional information pursuant to the Provision of part II of Schedule VI of the Companies Act, 1956 is NIL, other than given in statement of Pre-Operative Expenditure which is forming part of accounts.

18. Paisas have been rounded off to nearest rupee.

19. Previous year's figures have been regrouped /rearranged and wherever considered necessary.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	**2013**	**2012**	**2011**	**2010**	**2009**
Earning per share Basic	(3.36)	(4.43)	(1.00)	-	-
Earning per share Dilutive	(2.60)	(3.43)	(0.47)	-	-
Return on net worth (%)	-208.59%	-89.18%	-6.35%	-	-
Net asset value per equity share (`)	1.61	4.97	9.40	10.00	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	4.48	4.48	2.67	2.01	2.01
Total number of share outstanding at the end of the year / period (in crore)	4.48	4.48	4.48	2.01	2.01
Debt Equity Ratio	19.78	6.15	2.67	3.02	0.19

Notes:

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

COCHIN PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year ended March 31, 2013

Opinion

1. In our opinion and to the best of our information and according to the explanations given to us, the 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

Subject to:

a) **Revised Note No. 9** to the Notes to Accounts forming part of the financial statements regarding capitalization of pending bill of a contractor, loss is under stated by Rs. 15,04,160/- in current year and Toll Road & bridges has been by Rs. 1,20,95,840/-

b) Refer **Revised Note No-10** to the Notes to Accounts forming part of the financial statements regarding Calculation of amortization amount according to the alteration in the schedule XIV of the Companies Act, 1956 vide notification dated 17-4-2012, the effect of the same on the profitability of the company has not been ascertained by the company. Hence, cannot be commented upon.

And without qualifying our opinion

c) We draw attention to **Revised Note No. 3** to the Notes to Accounts forming part of the financial statements. The effect of the same on financial statement cannot be ascertained.

Annexure to the Auditor's Report

i) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

The company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Act except for loan taken from holding company National Highway Authority of India (NHAI) and year and balance is Rs. 1427178496/-(including interest credited).

The other terms & conditions are not in writing so it cannot be commented upon there is no specified fixed terms with regards to installment or period for repayment of lone. The company intends to repay the loan in installments of available funds remaining out of toll collections after meeting the expenses.

Year ended March 31, 2012

Annexure to the Auditor's Report

i) In our opinion and according to information and explanations provided to us, the internal control system of the company needs improvement to be commensurate with the size of the company and the nature of its business, for the purchase of fixed assets as there has been considerable delay in completion of project, also resulting into escalation of cost of project. During the year there was neither any purchase of inventory nor sale of goods. With regard to sale of services (toll collection) there was delay in the commencement of toll collection after the project completion. According to the information and explanations given to us, we have not observed any continuing failure to correct major weakness in internal control system.

ii) 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 undisputed statutory dues as applicable to it. However, there have been some delays / defaults in few cases. Working welfare cess amounting to 19,84,558/- was outstanding payable as at the year and out of which 19,57,949/- was outstanding for more than six months.

iii) We have been informed that during the year some unknown person committed a fraud on the company by making unauthorized withdrawal of 17,05,000/- from company's bank account. The amount has since been recovered by the company from the bank.

Year ended March 31, 2011

Annexure to the Auditor's Report

1. *In our opinion and according to information and explanations provided to us, the internal control system of the company needs improvement to be commensurate with the size of the company and the nature of its business, for the purchase of fixed assets (Capital work in progress) as there has been considerable delay in completion of project, also resulting into escalation of cost of project*. During the year there was neither any purchase of inventory nor sale of goods or services. *The company has shown the completion of project on 31st January 2011, however Toll Revenue has not started even upto the year ended 31st march 2011. 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, improvement is still required to correct the continuing major weaknesses in the aforesaid internal control system with regard to monitoring the sale of services i.e. operation of Toll Road on continuous and smooth basis.*

2. According to the information and explanation given to us and the records of the company examined by us, in our opinion the company is generally regular in depositing undisputed statutory dues as applicable to it. *However there has been some delays / default in few cases in deposits of TDS. TDS amounting to Rs. 1285154/- on the provision made relating to contractual work has not been paid. Besides, there has also been default of short deduction of TDS of Rs. 390/- on advertisement expenses.* Other than above, as at the year end, no undisputed amount of statutory dues was outstanding for more than six months.

Year ended March 31, 2010

1. As per the explanation given to us, none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act. *However no written representation from the directors to this effect has been show to us and hence we are unable to comment as to whether the director(s) is / are not disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section 1 of section 274 of the Act.*

Annexure to the Auditor's Report

a) *In our opinion and according to information and explanations provided to us, the internal control system of the company needs improvement to be commensurate with the size of the company and the nature of its business, for the purchase of fixed assets (Capital work in progress) as there has been considerable delay in completion of project, also resulting into escalation of cost of project.* During the year there was neither any purchase of inventory nor sale of goods or services. 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, *improvement is still required to correct the continuing major weaknesses in the aforesaid internal control system with regard to monitoring the completion of project in time.*

Year ended March 31, 2009

1. As per the explanation given to us, none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act. *However no written representation from the directors to this effect has been show to us and hence we are unable to comment as to whether the director(s) is / are not disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section 1 of section 274 of the Act.*

<u>Annexure to the Auditor's Report</u>

a) *In our opinion and according to information and explanations provided to us, the internal control system of the company needs improvement to be commensurate with the size of the company and the nature of its business, for the purchase of fixed assets (Capital work in progress) as there has been considerable delay in completion of project, also resulting into escalation of cost of project.* During the year there was neither any purchase of inventory nor sale of goods or services. 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, *improvement is still required to correct the continuing major weaknesses in the aforesaid internal control system with regard to monitoring the completion of project in time.*

b) 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 undisputed statutory dues as applicable to it. However there has been some delays in few cases in deposits of TDS (Income Tax and Sales Tax). Further the company has not paid installment of Advance Income Tax for June, September and December quarters, however, the same were paid in March. As at the year end, a sum of Rs.68734/- on account of TDS (Sales Tax) was outstanding for more than six months which, as explained to us, has since been paid subsequent to the year end i.e. after 31.03.2009.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MUMBAI-JNPT PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Mumbai-JNPT Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	Sunil K. Gupta & Associates
2011-12	V.K Thapar & Co.
2010-11	V.K Thapar & Co.
2009-10	V.K Thapar & Co.
2008-09	V.K Thapar & Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material

regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

vi. These Reformatted Financial Statements have been prepared in “Rs. in Lacs” for the convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into “Rs. in Lacs”.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2013 and 2009 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

MUMBAI JNPT PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs in Lacs)

Particulars	Notes	AS AT 31st March 2013	AS AT 31st March 2012	AS AT 31st March 2011	AS AT 31st March 2010	AS AT 31st March 2009
EQUITY AND LIABILITIES						
SHAREHOLDERS' FUNDS						
Share Capital	2.1	14,605.00	14,605.00	14,605.00	14,605.00	14,605.00
Reserves and Surplus	2.2	14,844.64	12,603.65	9,331.79	8,584.72	7,711.90
		29,449.64	**27,208.65**	**23,936.79**	**23,189.72**	**22,316.90**
SHARE APPLICATION MONEY						
PENDING ALLOTMENT	2.3	261.00	261.00	261.00	-	-
NON-CURRENT LIABILITIES						
Other Long Term Liabilities	2.4	1,183.07	1,344.52	736.09	16.65	-
Deferred Tax Liability		1,900.69	-	-	-	-
		3,083.76	**1,344.52**	**736.09**	**16.65**	**-**
CURRENT LIABILITIES						
Short Term Borrowings	2.5	-	2,858.18	4,927.19	6,917.73	8,441.39
Trade Payables	2.6	253.63	245.12	398.30	454.93	242.16
Other Current Liabilities	2.7	218.13	572.89	1,163.49	1,087.48	1,423.90
Short Term Provisions	2.8	-	158.46	-	13.93	-
		471.76	3,834.65	6,488.98	8,474.06	10,107.45
		33,266.16	**32,648.82**	**31,422.86**	**31,680.43**	**32,424.35**
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Tangible Asset	**2.9**	21.59	29.03	38.46	32.08	40.14
Intangible Asset	**2.9**	24,947.77	26,581.59	28,341.09	29,824.71	30,902.57
Capital Work in Progress	**2.10**	437.64	377.13	369.23	265.67	136.58
Other non current asset		-	-	-	-	-
Long Terrn Loans and Advances	**2.11**	21.27	24.11	24.11	17.87	-
		25,428.26	27,011.87	28,772.89	30,140.33	31,079.30
CURRENT ASSETS						
Trade Receivables	**2.12**	149.54	88.03	46.15	13.05	18.15
Cash and Cash Equivalents	**2.13**	6,883.69	5,062.38	2,141.70	1,168.43	1,051.01
Short Term Loans and Advances	**2.14**	752.03	441.57	438.22	357.51	259.07
Other Current Assets	**2.15**	53.64	44.97	23.90	1.12	16.82
		7,838.90	5,636.95	2,649.97	1,540.10	1,345.05
		33,266.16	**32,648.82**	**31,422.86**	**31,680.43**	**32,424.35**

MUMBAI JNPT PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

Annexure-II-A

(Rs in Lacs)

Particulars	Notes	For the year 31st March 2013	For the year 31st March 2012	For the year 31st March 2011	For the year 31st March 2010	For the year 31st March 2009
INCOME						
Revenue from Operations	**2.16**	8,057.45	6,678.10	4,781.00	4,274.92	4,365.09
Other Income	**2.17**	450.54	319.43	72.85	57.73	54.77
TOTAL REVENUE		**8,507.99**	**6,997.53**	**4,853.85**	**4,332.65**	**4,419.86**
EXPENDITURE						
Employees' Benefits Expenses	**2.18**	17.39	11.42	20.60	17.30	16.04
Finance Costs	**2.19**	67.61	241.68	322.60	372.79	671.95
Preoperative expenditure account		-	-	-	-	(264.73)
Depreciation and Amortisition Expenses		1,780.13	1,777.00	1,774.26	1,769.21	1,075.81
Other Expenses	**2.20**	1,438.78	718.33	1,732.10	1,018.68	766.08
Prior Period Adjustments		22.69	128.40	87.06	85.88	13.42
TOTAL EXPENSES		**3,326.60**	**2,876.82**	**3,936.62**	**3,263.85**	**2,278.57**
PROFIT BEFORE TAX		5,181.39	4,120.71	917.23	1,068.80	2,141.29
Tax Expense:						
Provision for Tax for earlier years written back		2.70	(1.15)	(14.84)	(0.52)	21.11
Provision for Tax		1,037.00	850.00	185.00	196.50	244.69
Provision for Deferred Tax		1,900.69	-	-	-	-
PROFIT AFTER TAX		**2,241.00**	**3,271.86**	**747.07**	**872.82**	**1,875.49**
EARNINGS PER EQUITY SHARE						
Equity Shares of par value Rs.10/- each						
Basic		1.53	2.24	0.51	0.598	1.28
Diluted		1.51	2.20	0.50	-	-

MUMBAI JNPT PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF PREOPERATIVE EXPENDITURE

Annexure-II-B

(Rs in Lacs)

Particulars	**Notes**	**For the period 1-4-09 to 31-12-09**
Establishment & other expenses		13.24
Interest on long term debt		251.49
Total		**264.73**

MUMBAI- JNPT PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT

Annexure-III

(Rs in Lacs)

S.no	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012	For the year ended 31st March 2011	For the year ended 31st March 2010	For the year ended 31st March 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
a)	**Net Profit before Tax and Extraordinary item**	5,158.70	3,992.31	830.16	982.92	2,127.87
	Adjustments for:					
	Depreciation	1,780.13	1,777.00	1,774.26	1,756.28	1,062.88
	Interest(Expense)	67.61	241.67	322.58	372.77	671.84
	Interest(Income)	(457.93)	(241.09)	(42.72)	(54.84)	(48.38)
	Prior Period Adjustment	22.69	128.40	87.06	85.88	13.42
	Misc.Expenditure Written off	-	-	-	12.93	12.93
	Tax expenses	(2,940.39)	(848.85)	(170.16)	(195.98)	(265.80)
	Operating profit before working capital changes	**3,630.80**	**5,049.43**	**2,801.19**	**2,959.96**	**3,574.76**
b)	**Adjustments for:**					
	Increase/(decrease) Trade and other receivables	(61.11)	(41.88)	(33.11)	5.10	(5.92)
	Increase/(decrease) Trade and other payables	8.50	(153.17)	(56.63)	212.77	(259.19)
	Increase/(decrease) Provision for Tax	901.54	1,008.46	156.23	209.91	242.00
	Increase/(decrease) Deferred tax	1,900.69	-	-	-	-
	Increase/(decrease) in Current liabilities	(354.76)	(590.59)	76.01	(336.42)	133.00
	Increase/(decrease) in Non Current liabilities	(161.45)	608.43	719.44	16.65	-
	(Increase)/decrease in Current asset	(8.47)	(21.08)	(22.78)	2.77	(0.74)
	(Increase)/decrease in non Current asset	-	-	-	-	
		2,224.94	810.17	839.16	110.78	109.15
	Cash Generated From Operations	**5,855.75**	**5,859.60**	**3,640.35**	**3,070.74**	**3,683.91**
c)	Direct Taxes Paid	(1,060.00)	(850.00)	(170.16)	(195.98)	(265.80)
	Net Cash generated from Operating Activities (A)	**4,795.75**	**5,009.60**	**3,470.20**	**2,874.76**	**3,418.11**
B.	**NET CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase/Sale of Fixed Assets	(138.86)	(8.07)	(297.02)	(670.35)	(17,382.87)
	Capital Work In Progress	(60.51)	(7.90)	(103.56)	(129.09)	14,908.25
	Interest Received	457.93	241.09	42.72	54.84	48.38
	Increase/Decrease in short term loans & advances	(310.06)	(3.35)	(80.71)	(98.43)	117.99
	Increase/Decrease in long term loans & advances	2.85	-	(6.24)	(17.87)	-
	Net Cash (used) in Investing Activities (B)	**(48.65)**	**221.76**	**(444.82)**	**(860.91)**	**(2,308.25)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Increase in Share application money pending allotment	-	-	261.00	-	-
	Interest paid	(67.61)	(241.67)	(322.58)	(372.77)	(671.84)
	Proceeds from borrowings	(2,858.18)	(2,069.02)	(1,990.53)	(1,523.66)	(808.61)
	Net Cash (used) in Financing Activities (C)	**(2,925.78)**	**(2,310.69)**	**(2,052.11)**	**(1,896.43)**	**(1,480.46)**
	Increase in Cash and equivalent (A+B+C)	1,821.31	2,920.68	973.27	117.42	(370.60)
	Cash & cash equivalents at the beginning of the year	5,062.38	2,141.70	1,168.43	1,051.01	1,421.61
	Cash & cash equivalents at the end of the year	**6,883.69**	**5,062.38**	**2,141.70**	**1,168.43**	**1,051.01**

MUMBAI JNPT PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

Annexure-IV

Figures in lacs

2.1 SHARE CAPITAL

	31st March 2013		31st March 2012	
	No. of Shares	(Amount)	No. of Shares	(Amount)
Authorised:				
Equity Shares of ` 10 each	1,500.00	15,000	1,500.00	15,000
Equity Shares of ` 10 each fully paid up	1,460.50	14,605	1,460.50	14,605

	31st March 2011		31st March 2010		31st March 2009	
	No. of Shares	(Amount)	No. of Shares	(Amount)	No. of Shares	(Amount)
Authorised:						
Equity Shares of ` 10 each	1,500.00	15,000	1,500.00	15,000	1,500.00	150
Issued, Subscribed and Paid up :						
Equity Shares of ` 10 each fully paid up	1,460.50	14,605	1,460.50	14,605	1,460.50	14,605

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	(Amount)	No. of Shares	(Amount)
At the beginning of the Year	1,460.50	14,605	1,460.50	14,605
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**1,460.50**	**14,605**	**1,460.50**	**14,605**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	(Amount)	No. of Shares	(Amount)	No. of Shares	(Amount)
At the beginning of the Year	1,460.50	14,605	1,460.50	14,605	1,460.50	14,605
Fresh issue of shares during the year	-	-	-	-	-	-
Outstanding at the end of the year	**1,460.50**	**14,605**	**1,460.50**	**14,605**	**1,460.50**	**14,605**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India (With its Nominees)	970.50	66%	970.50	66%
Jawaharlal Nehru Port Trust	400.00	27%	400.00	27%
City and Industrial Development Corporation	90.00	6%	90.00	6%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India (With its Nominees)	970.50	66%	970.50	66%	970.50	66%
Jawaharlal Nehru Port Trust	400.00	27%	400.00	27%	400	27%
City and Industrial Development Corporation	90.00	6%	90.00	6%	90	6%

(Rs in Lacs)

		AS AT 31st March 2013	AS AT 31st March 2012	AS AT 31st March 2011	AS AT 31st March 2010	AS AT 31st March 2009
2.2	**RESERVES AND SURPLUS**					
	Opening Balance	12,604	9,332	8,585	7,712	5,836
	Add: Profit during the year	2,241	3,272	747	873	1,875
	Balance as at the end of the year	**14,845**	**12,604**	**9,332**	**8,585**	**7,712**
2.3	**SHARE APPLICATION MONEY PENDING ALLOTMENT**	**261**	**261**	**261**	**-**	**-**
2.4	**OTHER LONG TERM LIABILTIES**					
	Retention Money	1.21	1.21	1.21	-	-
	Security Deposit	1,181.85	1,343.30	734.88	16.65	-
		1,183.07	**1,344.52**	**736.09**	**16.65**	**-**
2.5	**SHORT TERM BORROWINGS**					
	Secured Loans from Related Parties:					
	National Highway Authority of India	-	1,086.45	1,927.19	3,917.73	5,441.39
	Jawahar lal Nehru Port Trust	-	1,771.72	3,000.00	3,000.00	3,000.00
		-	**2,858.18**	**4,927.19**	**6,917.73**	**8,441.39**
2.6	**TRADE PAYABLES**					
	Sundry Creditors	253.63	245.12	398.30	454.93	242.16
		253.63	**245.12**	**398.30**	**454.93**	**242.16**
2.7	**OTHER CURRENT LIABILITIES**					
	Retention Money	116.46	142.70	112.15	62.42	93.97
	Other liabilities	93.64	59.59	65.78	105.62	88.78
	Statutory Liabilties	8.03	38.23	54.57	37.29	75.44
	Interest accrued and due on borrowings:	-	-	-	-	-
	National Highways Authority of India	-	251.38	159.26	209.47	476.34
	Jawaharlal Nehru Port Trust	-	81.00	771.72	640.66	500.63
	Bank Balance with Union Bank of India	-	-	-	32.03	188.73
		218.13	**572.89**	**1,163.49**	**1,087.48**	**1,423.90**
2.8	**SHORT TERM PROVISIONS**					
	Provision for Taxation (net of advance tax)	1,037.00	158.46	-	13.93	244.13
	Fringe benefit Tax	-	-	-	-	0.56
		1,037.00	**158.46**	**-**	**13.93**	**244.69**
		`	`			
		AS AT 31st March 2013	**AS AT 31st March 2012**	**AS AT 31st March 2011**	**AS AT 31st March 2010**	**AS AT 31st March 2009**

Annexure-IV

Note 2.9 FIXED ASSETS **(Rs in Lacs)**

Particulars	As at 31.03.2013	Net Fixed Assets As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Tangible Assets					
Data Processing Equipments	13.52	20.18	29.53	22.80	30.15
Furniture & Fixtures	7.01	7.72	8.39	0.46	9.49
Office Equipments	1.06	1.14	0.53	8.82	0.50
Sub-Total	**22.59**	**29.03**	**38.46**	**32.08**	**40.14**
Intangible Assets					
Building (Roads and Bridges on land provided by NHAI under concession agreement}	10,811.08	11,687.56	12,564.03	13,161.49	13,734.01
Building (Roads and Bridges on land provided by NHAI under concession agreement} P-II	14,136.68	14,894.03	15,777.07	16,663.22	17,168.57
Sub-Total	**24,947.77**	**26,581.59**	**28,341.09**	**29,824.71**	**30,902.57**
Total	**24,970.35**	**26,610.62**	**28,379.55**	**29,856.79**	**30,942.72**
Previous Year	26,610.62	28,379.55	29,856.79	30,942.72	14,622.72

2.10 CAPITAL WORK IN PROGRESS

Capital Work in Progress At Site	50.08	50.08	66.52	67.72	136.58
Unallocated Project Preoperative Expenditure	387.56	327.05	302.72	197.95	-
	437.64	**377.13**	**369.23**	**265.67**	**136.58**

2.11 LONG TERM LOANS AND ADVANCES

Security Deposits:					
Unsecured, considered good	21.27	24.11	24.11	17.87	-
	21.27	**24.11**	**24.11**	**17.87**	**-**

2.12 TRADE RECEIVABLES

Due for more than six months	-	-	-	-	18.15
Others	149.14	88.03	46.15	13.05	-
	149.14	**88.03**	**46.15**	**13.05**	**18.15**

2.13 CASH AND CASH EQUIVALENTS

Balance with Scheduled Banks :					
Current Accounts	37.17	160.66	20.84	2.60	7.51
Fixed Deposits	6,846.51	4,901.71	2,120.86	1,165.83	1,043.50
	6,883.69	**5,062.38**	**2,141.70**	**1,168.43**	**1,051.01**

		AS AT 31st March 2013	AS AT 31st March 2012	AS AT 31st March 2011	AS AT 31st March 2010	AS AT 31st March 2009
2.14	**SHORT TERM LOANS AND ADVANCES**					
	Loans & Advances to related parties:					
	Loans and Advances to Related Parties	728.50	390.65	334.38	270.83	250.98
	Prepaid Expenses	0.13	0.26	0.65	0.87	-
	Other Loans and Advances	23.00	50.66	103.18	85.81	8.09
		751.63	**441.57**	**438.22**	**357.51**	**259.07**
2.15	**OTHER CURRENT ASSETS**					
	Interest accrued but not due on Fixed Deposits	53.44	44.97	23.90	1.12	3.89
	Misc expenditure to the extent not written off	-	-	-	-	12.93
		53.44	**44.97**	**23.90**	**1.12**	**16.82**

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-V

Note	Particulars	For the year 31st March 2013	For the year 31st March 2012	For the year 31st March 2011	For the year 31st March 2010	For the year 31st March 2009
2.16	**REVENUE FROM OPERATIONS**					
	Toll Collection Account	8,057.45	6,678.10	4,781.00	4,274.92	4,365.09
		8,057.45	**6,678.10**	**4,781.00**	**4,274.92**	**4,365.09**
2.17	**OTHER INCOME**					
	Interest Receipts	457.93	241.09	42.72	54.84	48.38
	Other Receipts	68.51	78.35	30.13	2.90	6.39
	Refund of tender fee	(75.90)	-	-	-	-
		450.54	**319.43**	**72.85**	**57.73**	**54.77**
2.18	**EMPLOYEES' BENEFITS EXPENSES**					
	Salary & Wages	15.17	9.53	18.72	15.71	13.75
	Staff Welfare	-	0.12	0.26	0.24	0.13
	Medical Reimbursement	0.38	0.23	0.25	0.15	1.39
	Festival expenses	-	0.04	0.06	0.02	0.03
	House Lease Rent	1.84	1.51	1.30	1.17	0.74
		17.39	**11.42**	**20.60**	**17.30**	**16.04**
2.19	**FINANCE COSTS**					
	Interest on Loan	67.61	241.67	322.58	372.77	671.84
	Bank Charges	0.00	0.01	0.01	0.02	0.11
		67.61	**241.68**	**322.60**	**372.79**	**671.95**
2.20	**OTHER EXPENSES**					
	Road Maintainence Expenses	1,363.58	676.75	1,229.66	465.24	264.07
	Toll Collection Expenses	-	2.91	402.34	448.38	472.44
	Advertisement Expenses	30.03	15.15	22.60	13.94	5.53
	Arbitration and DRB Expenses	8.05	1.71	49.38	55.54	14.11
	Auditor's Remuneration:	-	-	-	-	-
	Audit Fees	1.29	1.37	1.37	1.21	1.24
	Other sevices	0.79	0.12	0.12	-	-
	Audit Expenses	2.75	1.78	1.55	0.73	0.62
	Concession Fees	0.00	0.00	0.00	0.00	0.00
	Electricity and Water Charges	2.71	4.13	10.37	3.93	0.04
	Insurance	0.07	0.16	0.31	0.07	0.02
	Interest on TCS	0.00	0.03	-	-	-
	Legal & Professional Charges	3.16	8.15	4.79	2.99	2.01
	Office Expenses	0.46	0.24	0.14	0.05	0.01
	Postage & Telegrams	0.34	0.30	0.32	0.21	0.16
	Printing & Stationery	0.58	0.47	0.47	0.41	0.44
	Repair & Maintenance	0.12	0.04	3.92	22.68	0.05
	Security Expenses	1.11	0.81	0.59	0.51	0.50
	Telephone Expenses	0.34	0.47	1.10	0.40	0.38
	Travelling and Conveyance expenses	1.80	1.37	1.13	1.20	2.36
	Vehicle Hiring Charges	3.68	2.37	1.93	1.17	1.64
	Repair & Maintenance : Furniture & Fixtures	-	-	-	-	-
	Interest on TDS	0.06	-	-	-	-
	Provision for doubtful advances	17.87	-	-	-	-
	Meeting and Entertainment expenses	-	-	-	-	0.46
	Fees and Taxes	-	-	-	-	0.03
		1,438.78	**718.33**	**1,732.10**	**1,018.68**	**766.08**

MUMBAI JNPT PORT ROAD COMPANY LIMITED

ANNEXURE VI

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31st March, 2013, 2012, 2011, 2010 and 2009)

BACKGROUND

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the Adequate Road Connectivity to JNPT. A Concession Agreement entered between the Mumbai JNPT Port Road Company Ltd and the National Highways Authority of India (NHAI), conferred the right to the Company to implement the project and levy toll /user charges over the 20 year concession period after completion of construction of Package - I and 22 year concession period after completion of construction of Package - II. Package – I & Package – II had become operational in the previous years on 10.8.2005 and 31.12.2008 respectively. Company had started the feasibility study to inter connect Package – I and Package – II and had named the project as Package – III. The Project consists of construction of Interchanges at Aamra Marg with NH-4B near Ghavan Phata and NH-4B with SH-54 near JNPT.

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING (31st March, 2013, 2012, 2011, 2010 and 2009)

"The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. For operational convenience, the Project has been divided into three phases i.e. Package – I, Package – II & Package - III.

The expenses related directly to Package – I and Package – II have been charged to the statement of Profit & Loss Account.

The expenses related to Package-III have been shown under Capital Work in Progress. Information required to be furnished by the Company in accordance with Part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Preoperative Expenditure and the Statement of Profit & Loss, forming part of the accounts."

1.2 FIXED ASSETS (31st March, 2013, 2012, 2011, 2010 and 2009)

"Fixed assets including project assets of Package-I and Package-II are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.
The Intangible assets of the Company comprises of Toll Road which is a comprehensive asset including Roads, Toll Plazas, signage's, and other allied facilities on way, lighting and other fixtures. "

1.3 DEPRECIATION (31st March, 2013, 2012, 2011, 2010 and 2009)

"Depreciation on fixed assets, other than the Toll Road Asset, is provided for on pro-rata basis at the straight line method rates prescribed by Schedule XIV of the Companies Act, 1956.

An item of asset costing Rs.0.05 Lacs or less is charged off to revenue in the year of acquisition / purchase / commission / available for use and such item of asset with written down value of Rs.0.05 Lacs or less as at the beginning of the year is also fully depreciated during the year.

As the toll road under Package – I and Package – II is constructed on land granted to the company under a concession agreement with NHAI for 20 years and 22 years respectively, Toll Road Assets have been amortized over the period of concession, i.e. 20 years and 22 years respectively, on pro-rata basis.

Stationary and other items of consumable nature are written-off in the year of purchase."

1.4 INVESTMENTS (31st March, 2013, 2012, 2011, 2010 and 2009)

"Long Term Investments are stated at cost. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

Short Term Investments are stated at cost or market values whichever is lower."

1.5 MISCELLANEOUS EXPENDITURE (31st March, 2013, 2012, 2011, 2010 and 2009)

The preliminary expenses have been fully amortized in accordance with the provisions of Section 35D of the Income Tax Act 1961, in the previous year.

1.6 REVENUE RECOGNITION (31st March, 2013, 2012, 2011, 2010 and 2009)

REVENUE FROM TOLL COLLECTION
Revenue from Toll Collection is recognized on actual collection based upon actual usage of toll road or on accrual basis in case of auctioned Toll Plazas.

INTEREST/DIVEDEND INCOME
Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction. Dividend income is recognized when the right to receive the same is established. "

1.7 EXPENSES (31st March, 2013, 2012, 2011, 2010 and 2009)

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

1.8 BORROWING COSTS (31st March, 2013, 2012, 2011, 2010 and 2009)

"Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets, to the extent they relate to the period till such assets are put to use.

Other Borrowing costs are charged to Profit and Loss Account."

1.9 EARNING PER SHARE (31st March, 2013, 2012, 2011, 2010 and 2009)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

1.10 TAXATION (31st March, 2013, 2012, 2011, 2010 and 2009)

The company is operating a toll road, connecting Mumbai and JNPT. As the company is covered under section 80IA of the Income Tax Act 1961, being an infrastructure company, the profits of the company are not taxable. The provision for current tax liability is ascertained on the basis of tax payable under Minimum Alternate Tax (MAT), as per the provisions of section 115 JB of the Income Tax Act, 1961.

The deferred tax in respect of timing differences originating during the year shall be reversed within the tax holiday period; therefore these are not being recognized."

1.11 IMPAIRMENT OF ASSETS (31st March, 2013, 2012, 2011, 2010 and 2009)

All assets other than inventories, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is charged to the profit & loss account in the year in which an asset is identified.

1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (31st March, 2013, 2012, 2011, 2010 and 2009)

PROVISIONS

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

CONTINGENT LIABILITIES

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

CONTINGENT ASSETS

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note - 1

Contingent Liabilities:

(₹ In Crores)

Particulars	**31st March, 2013**	**31st March, 2012**
Contingent Liabilities provided in respect of:		
(a) Estimated amount of contracts remaining to be executed on capital account (Net of advances) This Amount does not include any element of Service Tax and any other applicable taxes.	Nil	Nil
(b) Claims against the company not acknowledged as debts.	48.97	187.77

(c) Out of the total claims of Rs. 48.97 crores against the company, the company has filed cases in the H,ble High Court of Delhi for a total claim of Rs. 48.97 crores against various parties

Note- 2

As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible assets. As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period. Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion from the experts on the subject. So the Management of the Company has not considered the changes in the depreciation system, as per the amended Schedule

XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained

Note – 3 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

Note – 4 All the directors of Company are nominees of National Highways Authority of India, the parent organization, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

Note – 5 In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

Note – 6

Foreign Currency Transactions:

Particulars	**31st March, 2013**	**31st March, 2012**
Income in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

Note - 7

a) Related Party Transactions:

Description of relationship	**Names of Related Parties**
Associates:	National Highway Authority of India
	JawaharLal Nehru Port Trust
	City & Industrial Development Corporation
	Chennai Ennore Port Road Company Limited
	Calcutta Haldia Port Road company Limited
	Cochin Port Road Compnay Limited
	Mormugao Port Road Compnay Limited
	Moradabad Toll Road Company Limited
	New Mangalore Port Road Company Limited
	Paradip port Road Company Limited
	Tuticorin Port Road Company limited
	Vishakhapatnam Port Road Company Limited

b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

Particulars	**Associates**
<u>Loans Taken</u>	
Unsecured Loan:	**Amount (Rs.)**

Opening Balance	285,817,605
Amount Repaid	285,817,605
Balance Outstanding	-
Interest on above loan:	
Opening Balance	33,237,563
Interest Repaid	39,322,266
Interest during the year	60,84,703
Balance Outstanding	-

Note – 8 Retirement benefits for employees from Ministry (Govt. of India) and CIDCO, other than employee from NHAI (Parent Company) is provided on accrual basis. The liability on acturial valuation is not worked out as required in AS-15 "Employee Benefits" issued by Institute of Chartered Accountants of India in the financial statements of employers.

Note - 9

Reconciliation of Basic and Diluted Shares used in computing Earnings per Share

Particulars	**31st March, 2013**	**31st March, 2012**
Number of shares considered as basic weighted average shares outstanding	14,60,50,007	14,60,50,007
Add: Effect of dilutive issue of shares (due to Share Application Money)	26,10,000	26,10,000
Number of shares considered as weighted average shares and potential shares outstanding	**14,86,60,007**	**14,86,60,007**

Note – 10 As per Concession Agreement, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual rent of ` 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

Note – 11 The company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is the only business segment.

Note – 12 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Contingent Liabilities: (Rupees in Lacs)

Particulars	**31st March 2012**	**31st March 2011**

Contingent Liabilities provided in respect of:

(a)	Estimated amount of contracts remaining to be executed on capital account (Net of advances) This Amount does not include any element of Service Tax and any other applicable taxes.	Nil	982.00
(b)	Claims against the company not acknowledged as debts.	18,777.00	11,269.00

Out of the total claims of Rs. 18,777.00 Lacs against the company, the company has filed cases in the Hon'ble High Court of Delhi for a total claim of Rs. 10,048.00 Lacs against various parties.

2. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

3. During the year, the company has charged Depreciation and Interest on Loan amounting to Rs.0.76 Lacs & Rs.127.64 Lacs respectively, which pertains to the prior period.

4. All the directors of Company are nominees of National Highways Authority of India, the parent organization, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

5. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6. As per the arrangement between the NHAI (parent organization) and the company, 75% of the actual salary and the establishment expenditure of the company shall be borne by NHAI and the balance 25% shall be borne by the company. The closing balance receivable from NHAI is subject to confirmation and is receivable to the extent stated.

7. Foreign Currency Transactions: `

Particulars	31st March 2012	31st March 2011
Income in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

8. Related Party Transactions:

Description of relationship	**Names of Related Parties**
Associates:	National Highway Authority of India
	Jawahar Lal Nehru Port Trust
	City & Industrial Development Corporation
	Chennai Ennore Port Road Company Limited
	Calcutta Haldia Port Road company Limited
	Cochin Port Road Company Limited
	Mormugao Port Road Company Limited
	Moradabad Toll Road Company Limited
	New Mangalore Port Road Company Limited
	Paradip port Road Company Limited
	Tuticorin Port Road Company limited
	Vishakhapatnam Port Road Company Limited

Details of related party transactions during the year ended 31 March 2012 and balances outstanding as at 31 March 2012:

Particulars	Associates
Loans Taken	
Unsecured Loan:	
Opening Balance	492,719,491
Amount Repaid	206,901,886
Balance Outstanding	**285,817,605**
Interest on above loan:	
Opening Balance	93,098,114
Interest Repaid	93,098,114
Interest during the year	33,237,563
Balance Outstanding	**33,237,563**
Receivable on account of expense sharing	39,071,711
	(33,438,393)
Payable on account of expense sharing	6,496

Note: Figures in bracket relates to the previous year

9. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

10. Reconciliation of Basic and Diluted Shares used in computing Earnings per Share

Particulars	31st March 2012	31st March 2011
Number of shares considered as basic weighted average shares outstanding	146,050,007	146,050,007
Add: Effect of dilutive issue of shares (due to Share Application Money)	2,610,000	2,610,000
Number of shares considered as weighted average shares and potential shares outstanding	**148,660,007**	**148,660,007**

11. As per Concession Agreement, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual rent of ` 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

12. The company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is the only business segment.

13. The Company has no any Investment.

14. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. Package-II was completed on 31.12.2008 as per State Government Notification No. G.R. No. PSP-2003/CR 249/Road 9A dated 20.11.10. Toll Collection was duly started through M/s Konark Infrastructure Ltd. who had been awarded the tender. Thereafter, local villagers held protest and the toll collection were stopped around the end of December, 2010. The matter is being pursued with various relevant authorities and in the meanwhile the company is losing Rs. 38.077 Lacs every week since although the road/toll roads are under use.

2. During the year, the company has charged Depreciation, Legal & Professional Expenses and Advertisement amounting to Rs.84.48 Lacs, Rs. 0.09 Lacs, Rs. 6.53 Lacs respectively which pertains to prior period, also during the year company received Lease Rent (ROW) amounting to Rs. 4.04 Lacs respectively which pertains to prior period income.

3. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary /allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. As per the arrangement between the NHAI (parent organization) and the company, 75% of the actual salary and the establishment expenditure of the company shall borne by NHAI and the balance 25% shall be borne by the company. The closing balance receivable from NHAI is subject to confirmation and is receivable to the extent stated.

6. Auditor's Remuneration:

Payment to Auditors classified in Schedule 13 under the head Establishment & Administrative Expenses includes:

(Rs. in Lacs)

Particulars	**Year ended 31.03.2011**	**Year ended 31.03.2010**
Statutory Audit Fees	1.15	1.00
Tax Audit Fees	0.20	0.10
Service Tax	0.14	0.11
Total	**1.49**	**1.21**

7. Contingent Liabilities

(Rs. in Lacs)

Particulars	**Year ended 31.03.2011**	**Year ended 31.03.2010**
Contingent Liabilities provided in respect of:		
a.) Estimated amount of contracts remaining to be executed on capital account (Net of Advances) This amount does not include any element of Service Tax and any other applicable taxes.	982.00	1327.00
b.) Claims against the company not acknowledged as debts.	11269.00	18294.00

8. Foreign Currency Transactions

Particulars	**Year ended 31.03.2011**	**Year ended 31.03.2010**

Income in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

9. The company being a wholly state owned enterprise as defined under Accounting Standard- 18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

10. The company has not received any confirmations from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished.

11. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

12. The company is collecting Labour Cess at its PIU-Panvel (Mumbai), as required under the Building and Other Construction Workers Welfare Cess Act, 1956 applicable to them. The amount of Rs. 8.99 Lacs collected during the tear has not yet been deposited as the Board to implement the same is yet to be established at Maharashtra.

13. As per Concession Agreement, it has been agreed that the entire land where project has been taken up will be leased to the SPV at an annual rent of Re1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

14. The company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is the only business segment .

15. Earnings per share have been calculated as under:

(Rs. in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Net profit after tax available for Equity Shareholders	747.07	872.82
Weighted Average Number of Equity Shares for Basic EPS	146050007	146050007
Face Value of Shares (Rs.)	10	10
Basic Earnings Per Share (Rs.)	**0.512**	**0.598**
Weighted Average Number of Equity Shares for Diluted Earnings per share.	14,66,72,117	-
Diluted Earnings Per Share (Rs.)	0.509	-

16. Figures for the previous year have been regrouped /reclassified to conform to current year's presentation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. During the year, the company has charged Depreciation, Legal & Professional Expenses and Advertisement amounting to Rs. 83.12/- Lacs, Rs. 0.09 Lacs & Rs. 2.65 Lacs respectively which pertains to prior period.

2. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

3. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

4. As per the arrangement between the NHAI (parent organization) and the company, 75% of the actual salary and the establishment expenditure of the company shall borne by NHAI and the balance 25% shall be borne by the company.

5. Auditor's Remuneration:

Payment to auditors classified in Schedule 13 under the head Establishment & Administrative Expenses includes:

(Rs. in Lacs)

Particulars	**Year Ended 31.03.2010**	**Year Ended 31.03.2009**
Statutory Audit Fees	1.00	1.00
Tax Audit Fees	0.10	0.10
Services	0.11	0.14
Total	**1.21**	**1.24**

6. Contingent Liabilities

(Rs. in Lacs)

Particulars	**Year Ended 31.03.2010**	**Year Ended 31.03.2009**
Contingent Liabilities provided in respect of:		
a) Estimated amount of contracts remaining to be executed on capital account (Net of advances) This Amount does not include any element of Services Tax and any other applicable taxes.	1327.00	
b) Claims against the company not acknowledged as debts.	18,294.00	19,602.00

7. Foreign Currency Transaction

Particulars	**Year Ended 31.03.2010**	**Year Ended 31.03.2009**
Income in Foreign Currency	**Nil**	**Nil**
Expenditure in Foreign Currency	**Nil**	**Nil**

8. The company being a wholly owned enterprise as defined under Accounting Standard- 18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

9. The company has not received any confirmation from its vendors/services providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

10. No provision has been made for gratuity, leave encasement and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

11. As per Concession Agreement, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual rent of Re1/-, for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

12. The company is engaged on the business of constructing, operating and maintaining of Roll Roads for adequate connectivity to JNPT, which is the only business segment.

13. Earnings per Share has been calculated as under:

(Rs. in Lacs)

Particulars	**Year Ended 31.03.2010**	**Year Ended 31.03.2009**
Net Profit after Tax available for Equity Shareholders	872.82	1875.49
Weighted Average Number of Equity Shares for Basic EPS	146050007	146050007
Face Value of Shares (Rs)	10	10
Earnings Per Share (Basis)	0.60	1.28

14. Figures for the previous year have been regrouped/reclassified to conform to current year's presentation.

Schedules 1 to 14 form an integral part of the Balance Sheet and Profit & Loss Account and have been authenticated as such.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. The indirect expenditure, not related to either of the packages directly, has been allocated to the Package – I and Package – II in the ratio of the cost of the respective packages upto 31st March, 2009, i.e. 50.09% to Package – I and 49.91% to Package – II.

2. In the Profit & Loss account, all direct receipts & expenditure pertaining to Package-I of the project and 50.09% of indirect expenses have been debited/credited.

3. All direct expenses pertaining to Package – II and 49.91% of the indirect expenses upto 31.12.2008 have been debited to Pre-operative expenditure and have been capitalized. The balance expenses have been charged to Profit & Loss account.

4. During the year, the company has charged Legal & Professional Charges amounting to Rs. 13.42 lac which pertains to prior period.

5. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

6. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

7. As per the arrangement between the NHAI (parent organization) and the company, 75% of the actual salary and the establishment expenditure of the company shall borne by NHAI and the balance 25% shall be born by the company.

8. Auditor's Remuneration:

Auditor's remuneration classified in schedule 10 under the head Establishment & Administrative Expenses includes:

(Rs. in Lacs)

	Year Ended 31.03.2009	**Previous Year 31.3.2008**
(a) Statutory Audit Fee	1.00	1.00
(b) Tax Audit Fees	0.10	-
(c) Service Tax	0.14	0.12

Total	1.24	1.12

9. Contingent Liabilities

(Rs in lakhs)

Particulars	**Year Ended 31.03.2009**	**Year Ended 31.03.2008**
Contingent Liabilities provided in respect of:		
a) Estimated amount of contracts remaining to be executed on capital account (Net of advances) This Amount does not include any element of Services Tax and any other applicable taxes.	-	1,336.00
b) Claims against the company not acknowledged as debts.	19,602.00	19,027.00

10	(a) Income in Foreign currency	Nil	Nil
	(b) Expenditure in foreign currency	Nil	Nil

11. The company being a wholly state owned enterprise as defined under Accounting Standard- 18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

12. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

13. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

14. As per Concession Agreement, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual rent of Re.1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

15. Figures for the previous year have been regrouped/reclassified to confirm to current year's presentation

16. Earnings per share has been calculated as under:

Particulars	**31.03.2009**	**31.03.2008**
Net Profit after Tax available for Equity Shareholders (In lakhs)	1875.49	2168.97
Weighted Average Number of Equity Shares for Basic EPS	146050007	146050007
Face Value of Shares (Rs.)	10	10
Earnings Per Share (Basic)	1.28	1.49

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share Basic (Rs.)	1.53	2.24	0.51	0.60	1.28
Earning per share Diluted (Rs.)	1.51	2.20	0.50	NA	NA
Return on net worth (%)	7.61%	12.03%	3.12%	3.76%	8.40%
Net asset value per equity share (`)	20.16	18.63	16.39	15.88	15.28
Weighted average number of equity shares outstanding during the year / period (in crore)	14.605	14.605	14.605	14.605	14.605
Total number of share outstanding at the end of the year / period (in crore)	14.605	14.605	14.605	14.605	14.605
Debt Equity Ratio	-	0.11	0.21	0.30	0.38

Notes:

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

MUMBAI-JNPT PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year ending March 31, 2013

1. *Reference is drawn to Note No. 1.11 (c) and No. 25 in the Financial Statements explaining the basis of depreciation calculated by management. Further management contends that notification No. G.SR 298 (E) [F. No. 17129212011, CL-V), Dated17.04.2012 amending Schedule XIV of the Companies Act 1956 does not apply to the operations of the Company. Based on this evaluation, management has not accounted for any adjustments that might arise if it were to change the method or basis of depreciation as prescribed by the amendment in the notification related to intangible assets. Accordingly, we are unable to evaluate the impact, if any, of the above on the Financial Statements of the Company.*

Without qualifying our opinion, we draw attention to **Revised Note No. 8** to the Notes to Accounts forming part of the financial statements. The company has not accounted for retirement benefits to employees based on actuarial valuation, as required under AS-15 "Accounting for Employee Benefits". The effect of the same on financial statement could not be ascertained.

We further draw attention to the financial statement with respect to recognition of deferred tax liability during the year.

Annexure to the Auditor's Report

a). Undisputed statutory dues including provident fund, professional tax and any other statutory dues have been regularly deposited with the appropriate authorities *except for Tax Deducted at Source and service tax where there have been certain delays.*

Year ending March 31, 2011

1. According to the information and explanations given to us, the company is regular in depositing no undisputed amount of income tax, wealth tax, sales tax, cess and other statutory dues. The provisions of Provident Fund, Investor Education Fund, Employee's State Insurance, Wealth Tax, Service tax, Customs Duty, Excise Duty are not applicable to the company. According to the information and explanations given to us there are no undisputed amount payable in respect of the above as on 31.3.11 for a period of more than six months from the date they became payable, except on account of Labour Cess for which attention is drawn to note no. 12 of Schedule 14 (Significant Accounting Policies and Notes to Accounts).

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MORADABAD TOLL ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Moradabad Toll Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	PARM & SMRN
2011-12	PARM & SMRN
2010-11	PARM & SMRN
2009-10	PARM & SMRN
2008-09	Bansal & Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the

convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. **Other Reformatted Financial Information of the Company:**

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

MORADABAD TOLL ROAD CO. LTD.
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE-I
(Rs. In Lacs)

Particulars	Note No.	As At 31st March 2013	As At 31st March 2012	As At 31st March 2011	As At 31st March 2010	As At 31st March 2009
EQUITY AND LIABILITIES						
SHAREHOLDER'S FUND						
(a) Share Capital	**2.1**	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
(b)Reserves & Surplus	**2.2**	(12,459.10)	(7,343.81)	(6,379.67)	(6,034.25)	(4,693.57)
NON CURRENT LIABILITIES						
(a) Long Term Borrowings	**2.3**	4,803.22	4,567.33	4,725.04	5,175.72	5,685.10
(b) Other Long Term Liabilities	**2.4**	26.83	26.83	29.82	119.07	134.76
(c) Trade Payables	**2.5**	231.98	231.98	231.98	320.41	261.31
		-	-	-	-	-
CURRENT LIABILITIES		-	-	-	-	-
(a) Other Current Liabilities	**2.6**	4,417.47	4,649.64	160.45	3,820.56	2,521.92
(b) Short Term Provisions	**2.7**	2.89	2.89	1.00	-	-
TOTAL		**23.29**	**5,134.85**	**1,768.62**	**6,401.51**	**6,909.52**
ASSETS						
NON CURRENT ASSETS						
(a) Fixed Assets						
(i) Tangible Assets	**2.8**	-	4.88	-	11.91	15.37
(ii) Intangible Assets		-	5,106.75	-	6,243.89	6,812.46
CURRENT ASSETS						
(a) Trade Receivables	**2.9**	-	-	-	-	0.67
(b) Cash and Cash Equivalents	**2.10**	2.17	1.59	12.56	122.57	65.38
(c) Short Term Loans & Advances	**2.11**	21.12	21.63	1,755.60	22.49	13.68
(d) Other Current Assets	**2.12**	-	-	0.46	0.66	1.95
TOTAL		**23.29**	**5,134.85**	**1,768.62**	**6,401.51**	**6,909.52**

MORADABAD TOLL ROAD CO. LTD.

REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-II

(Rs. In Lacs)

Particulars	Notes No.	For The Year Ending 31st March 2013	For The Year Ending 31st March 2012	For The Year Ending 31st March 2011	For The Year Ending 31st March 2010	For The Year Ending 31st March 2009
Revenue						
Revenue from operations	**2.13**	-	-	716.60	1,084.17	1,100.45
Other Income	**2.14**	0.03	0.71	8.10	21.72	14.07
Total Revenue		**0.03**	**0.71**	**724.71**	**1,105.88**	**1,114.52**
Expenses						
Operation & Maintenance Expenses	**2.15**	-	-	263.32	1,418.22	693.06
Employee Benefit Expense	**2.16**	-	5.95	4.53	6.96	5.41
Finance Costs	**2.17**	0.00	82.09	408.98	435.82	578.67
Depreciation & Amortization Expense	**2.18**	-	572.02	387.22	572.03	572.03
Other Expenses	**2.19**	3.49	4.35	5.18	7.38	5.64
Total Expenses		**3.49**	**664.41**	**1,069.23**	**2,440.40**	**1,854.81**
Profit before exceptional and extraordinary items and tax		**(3.47)**	**(663.70)**	**(344.53)**	**(1,334.52)**	**(740.28)**
Exceptional and Extraordinary items		5,111.63	-	-	-	-
Prior Period Expenses		0.19	300.45	0.89	6.16	(0.30)
Profit before tax		**(5,115.29)**	**(964.15)**	**(345.42)**	**(1,340.68)**	**(739.98)**
Tax expense						
Current Tax		-	-	-	-	-
Deferred Tax		-	-	-	-	-
Taxes of Earlier Years		-	-	-	-	613.24
Fringe Benefit Tax		-	-	-	-	0.05
Profit(Loss) After Tax for the Year		**(5,115.29)**	**(964.15)**	**(345.42)**	**(1,340.68)**	**(1,353.26)**
Earning per equity share:						
Basic & Diluted		**(17.05)**	**(3.21)**	**(1.15)**	**(4.47)**	**(4.51)**

MORADABAD TOLL ROAD CO. LTD.

REFORMATTED STATEMENT OF CASH FLOW

Annexure-III
(Rs. In Lacs)

S.no	Particulars	For The Year Ending 31st March 2013	For The Year Ending 31st March 2012	For The Year Ending 31st March 2011	For The Year Ending 31st March 2010	For The Year Ending 31st March 2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Profit before Tax, exceptional and extraordinary items	(3.47)	(663.70)	(344.53)	(1,334.52)	(740.28)
	Adjustments for:					
	Depreciation and Amortisation Expenses	-	572.02	387.22	572.03	572.03
	Interest Received on Fixed Deposits	-	(0.35)	(4.25)	(4.65)	(12.87)
	finance cost	0.00	82.09	408.98	435.82	578.67
	Prior Period Adjustment	(0.19)	(300.45)	(0.89)	(6.16)	0.30
	Change in provision for tax	-	-	-	-	(613.29)
	Loss on sale of fixed assets	(5,111.63)	-	-	-	-
	Operating Profit before working capital changes	**(5,115.29)**	**(310.39)**	**446.53**	**(337.48)**	**(215.44)**
	Adjustments for:					
	Increase/(Decrease) in Trade Payable (Non Current)	-	-	(88.43)	59.10	19.63
	Increase/(Decrease) in Other Current Liabilities & Provisions	(232.17)	4,491.07	(3,659.11)	1,298.64	1,680.75
	(Increase)/Decrease in current assets and loans and advances	0.51	1,734.42	(1,732.91)	(7.51)	(4.38)
	(Increase)/Decrease in trade receivables	-	-	-	0.67	(0.63)
	Operating Profit before tax	**(5,346.94)**	**5,915.11**	**(5,033.91)**	**1,013.42**	**1,479.94**
	Less: Income tax paid	-	-	-	-	(615.81)
	Net cash from Operating Activities	**(5,346.94)**	**5,915.11**	**(5,033.91)**	**1,013.42**	**864.13**
		-	-	-	-	-
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Interest Received on Fixed Deposits	-	0.35	4.25	4.65	12.87
	Sale/(Purchase) of fixed asset	5,111.63	(5,683.65)	5,868.58	-	-
	Net cash used in Investing Activities	**5,111.63**	**(5,683.30)**	**5,872.83**	**4.65**	**12.87**
		-	-	-	-	-
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds / (Payment) from Unsecured Loans	235.89	(157.71)	(450.69)	(509.38)	(408.11)
	Proceeds / (Payment) from other long term liabilities	-	(2.99)	(89.26)	(15.69)	59.68
	Interest Paid	(0.00)	(82.09)	(408.98)	(435.82)	(578.67)
	Net cash used in Financing Activities	**235.89**	**(242.78)**	**(948.92)**	**(960.88)**	**(927.09)**
		-	-	-	-	-
	Net Increase / (Decrease) in cash and cash equivalents during the year (A+B+C)	0.58	(10.97)	(110.00)	57.18	(50.09)
		-	-	-	-	-
	Cash and cash equivalents at commencement of the year	1.59	12.56	122.57	65.38	115.48
	Cash and cash equivalents at end of year	**2.17**	**1.59**	**12.56**	**122.57**	**65.38**

MORADABAD TOLL ROAD CO. LTD.

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Notes **Annexure-IV**

NOTE - 2.1 SHARE CAPITAL **Figures in lacs**

	31st March 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
Authorised Capital					
3,50,00,000 Equity Shares (Previous Year 3,50,00,000) of Rs. 10/- each	3,500	3,500	3,500	3,500	3,500
Issued, Subscribed & Paid up Capital					
30,000,000 Equity Shares (Previous year 30,000,000) of Rs. 10/- each	3,000	3,000	3,000	3,000	3,000

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	300	3,000	300	3,000
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**300**	**3,000**	**300**	**3,000**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	300	3,000	300	3,000	300	3,000
Fresh issue of shares during the year	-	-	-	-	-	-
Outstanding at the end of the year	**300**	**3,000**	**300**	**3,000**	**300**	**3,000**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	300	100%	300	100%

Name of Shareholder	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	300	100%	300	100%	300	100%

Annexure-IV
(Rs. In Lacs)

Particulars	As At 31st March 2013	As At 31st March 2012	As At 31st March 2011	As At 31st March 2010	As At 31st March 2009
NOTE - 2.2 RESERVE AND SURPLUS					
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance	(7,343.81)	(6,379.67)	(6,034.25)	(4,693.57)	(3,340.31)
Add: Transferred from Statement of Profit and Loss	(5,115.29)	(964.15)	(345.42)	(1,340.68)	(1,353.26)
Closing Balance	**(12,459.10)**	**(7,343.81)**	**(6,379.67)**	**(6,034.25)**	**(4,693.57)**
NOTE - 2.3 LONG TERM BORROWINGS					
Secured					
Term Loan					
Financial Institutions- IDFC	-	-	1,103.44	1,549.48	1,917.94
Banks- SBI	-	-	875.70	1,245.49	1,543.36
Unsecured					
National Highway Authority of India	4,803.22	4,567.33	2,745.90	2,380.76	2,223.80
	4,803.22	**4,567.33**	**4,725.04**	**5,175.72**	**5,685.10**
NOTE - 2.4 OTHER LONG TERM LIABILITIES					
Provision for O & M Exp	26.83	26.83	29.82	119.07	134.51
FBT Advance	-	-	-	-	0.05
Expense Payable	-	-	-	-	0.20
	26.83	**26.83**	**29.82**	**119.07**	**134.76**
NOTE - 2.5 TRADE PAYABLE - NON CURRENT					
Payment due to contractors - Civil & Consultants	231.98	231.98	231.98	320.41	261.31
	231.98	**231.98**	**231.98**	**320.41**	**261.31**
NOTE - 2.6 OTHER CURRENT LIABILITIES					
Mumbai JNPT	0.01	0.05	-	-	-
Retention	-	-	3.51	-	-
Reimbursement to NHAI	-	-	-	3,699.95	2,338.00
Interest accrued and due on above	-	235.89	137.04	97.71	156.96
Paradip Port Road Co. Ltd.	0.02	0.06	-	-	-
Amount Payable to SBI	-	-	-	-	0.32
IDFC Ltd.	-	-	0.83	6.48	-
Salary payable	-	-	0.14	-	-
T.R. Chadda & Co. (For Taxation Matters)	0.19	0.19	-	-	-
Internal Audit Fees Payable	1.49	0.74	0.74	-	-
Electricity Dues	1.71	1.71	-	-	-
TDS Payable	0.26	0.24	15.51	11.75	20.37
PARM & SMRN	1.16	1.14	1.34	1.09	-
Shayam S Gupta & Company	0.09	0.04	0.29	0.36	-
Neeraj Gupta Advocate	-	-	-	0.19	-
Outstanding Expenses	0.79	0.79	0.82	2.11	2.11
Jalaj Srivastava	0.08	-	-	-	0.54
Kanta Grover	-	0.46	0.09	-	-
Munis Grover	-	-	0.11	-	-
M/s SBG and Co.	-	-	-	0.76	0.75
M/s Thakur Vaidyanath & Co.	-	-	-	-	0.45
Suman Khaitan & Co.	0.47	-	-	-	-
Garg Bros & associates	-	-	-	0.18	0.02
M/s DMMKA & Co.	-	-	-	-	0.10
M/s Saraswati Accountants Software Pvt. Ltd..	-	-	-	-	0.04
PPF Payable	-	0.01	-	-	-
Expenses Payable to NHAI	4,411.19	4,408.33	0.04	-	-
Other Creditors	-	-	-	-	2.25
Performance Bank Gurantee	-	-	-	-	-
	4,417.47	**4,649.64**	**160.45**	**3,820.56**	**2,521.92**
NOTE - 2.7 SHORT TERM PROVISIONS					
Gratuity Payable	1.24	1.24	1.00	-	-
Leave Salary payable	1.65	1.65	-	-	-
	2.89	**2.89**	**1.00**	**-**	**-**

MORADABAD TOLL ROAD CO. LTD.
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV
(Rs. In Lacs)

NOTE 2.8 FIXED ASSETS

		Net Fixed Assets			
Particulars	**As at 31.03.2013**	**As at 31.03.2012**	**As at 31.03.2011**	**As at 31.03.2010**	**As at 31.03.2009**
Moradabad Bypass	-	5,106.75	-	6,243.89	6,812.46
Furniture & Fixtures	-	0.11	-	0.14	0.15
Computers	-	4.61	-	11.47	14.90
Office equipments	-	0.16	-	0.31	0.32
Total (Rs.)	**-**	**5,111.63**	**-**	**6,255.80**	**6,827.83**

Annexure-IV
(Rs. In Lacs)

NOTE - 2.9 TRADE RECEIVABLE	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Other SPVs of NHAI	0.00	0.00	0.00	0.00	0.67
	0.00	**0.00**	**0.00**	**0.00**	**0.67**

NOTE - 2.10 CASH AND CASH EQUIVALENT	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Balances with Schedule Banks in Current account (SBI)	2.17	1.59	0.44	89.45	1.41
Escrow A/c	0.00	0.00	0.01	0.01	0.00
Fixed Deposit	0.00	0.00	12.11	28.00	60.80
Cheque in Hand	0.00	0.00	0.00	2.05	0.53
Cash at toll plaza	0.00	0.00	0.00	3.06	2.64
	2.17	**1.59**	**12.56**	**122.57**	**65.38**

NOTE - 2.11 SHORT TERM LOANS & ADVANCES	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Unsecured, Considered Good					
TDS Recoverable	13.35	13.82	14.79	14.33	13.33
TDS Demand AY 03-04 & 04-05 (Deposited under dispute)	7.77	7.77	0.00	0.00	0.00
TDS Demand AY 02-03(Deposited under dispute)	0.00	0.00	7.77	7.77	0.00
Security Deposit (Electricity department)	0.00	0.00	0.03	0.21	0.21
Munish Grover	0.00	0.05	0.00	0.00	0.00
Recoverable from NHAI	0.00	0.00	1733.01	0.00	0.00
Amount Recoverable	0.00	0.00	0.00	0.00	0.04
FBT Advance	0.00	0.00	0.00	0.00	0.10
Imprest A/c	0.00	0.00	0.00	0.00	0.00
Recoverable from SBI	0.00	0.00	0.00	0.18	0.00
	21.12	**21.63**	**1755.60**	**22.49**	**13.68**

NOTE - 2.12 OTHER CURRENT ASSETS	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Interest accrued on deposits	0.00	0.00	0.05	0.66	1.84
Pre-Paid Expenses	0.00	0.00	0.41	0.00	0.11
	-	**-**	**0.46**	**0.66**	**1.95**

MORADABAD TOLL ROAD CO. LTD.

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

ANNEXURE-V

(Rs. In Lacs)

	For the year ended on 31 March 2013	For the year ended on 31 March 2012	For the year ended on 31 March 2011	For the year ended on 31 March 2010	For the year ended on 31 March 2009
NOTE - 2.13 REVENUE FROM OPERATIONS					
Toll Receipts	-	-	716.60	1,084.17	1,100.45
	-	**-**	**716.60**	**1,084.17**	**1,100.45**
NOTE - 2.14 OTHER INCOME					
Interest on FDR	-	0.35	4.25	4.65	12.87
Misc. Receipts	0.03	0.10	2.74	17.07	1.20
Sundry balances written Off	-	0.25	1.12	-	-
	0.03	**0.71**	**8.10**	**21.72**	**14.07**
NOTE - 2.15 Operation & Maintenance Expenses					
Operation & Maintenance Expenses	-	-	263.32	1,418.22	693.06
	-	**-**	**263.32**	**1,418.22**	**693.06**
NOTE - 2.16 EMPLOYEE BENEFIT EXPENSES					
Salary & Wages	-	2.52	2.25	6.31	4.83
Staff Welfare	-	1.54	2.07	0.40	0.58
Contribution to CPF , Pension & Leave Salary	-	1.89	0.22	0.25	-
	-	**5.95**	**4.53**	**6.96**	**5.41**
NOTE - 2.17 FINANCE COST					
Interest on Long Term Loan:	-	82.09	255.57	325.34	401.09
Interest on Sub Debt from NHAI	-	-	152.27	108.56	177.01
Bank Charges	0.00	-	1.14	1.91	0.57
	0.00	**82.09**	**408.98**	**435.82**	**578.67**
NOTE - 2.18 DEPRICIATION & AMORTISATION EXPENSES					
Depreciation	-	572.02	387.22	572.03	572.03
	-	**572.02**	**387.22**	**572.03**	**572.03**
NOTE - 2.19 OTHER EXPENSES					
Conveyance Expenses	0.02	0.02	0.01	0.21	0.29
Legal and Professional Expenses	1.28	2.04	2.47	4.43	1.94

Filling and ROC Expenses	0.02	0.02	0.16	0.55	0.14
Printing and Stationery Expenses	0.01	0.02	0.01	0.02	0.12
Telephone and Telex	-	-	-	0.01	0.15
Auditors Remuneration	-	-	-	-	-
- Statutory Audit Fees	1.29	1.27	1.27	1.10	1.10
- Tax Audit Fees	-	-	0.22	0.11	0.11
- For other matters	-	-	0.09	-	-
Internal Audit Fees	0.83	0.83	0.83	-	-
Interest on TDS	0.00	0.05	0.06	-	-
Advertisement expenses	-	-	-	0.76	1.36
Meeting and Seminar	-	-	-	-	0.14
Misc Exp.	0.04	0.11	0.04	0.02	0.03
Repair and Maintenance	-	-	0.02	0.04	0.13
Postage and Courier	-	-	-	0.01	0.12
Short and Excess	-	-	-	0.11	-
	3.49	**4.35**	**5.18**	**7.38**	**5.64**

MORADABAD TOLL ROAD COMPANY LTD.

Annexure- VI

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31st March, 2013, 2012, 2011, 2010 and 2009)

I. Background (31st March, 2013, 2012, 2011, 2010 and 2009)

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the Moradabad Bypass Project under the ―Build-Operate-Transfer (BOT) basis. A Concession Agreement entered between the Moradabad Toll road Company Limited and National Highways Authority of India, (NHAI) conferred the right to the company to implement the project and levy toll/user charges over the 32.5 years concession period after completion of construction.

II. Significant Accounting Policies

a. Basis of accounting (31st March, 2013, 2012, 2011, 2010 and 2009)

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting.

b. Financial Statements: Presentation and disclosures (31st March, 2013, 2012)

During the year ended 31st March 2012, the revised schedule VI, notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified /regrouped the previous year figures in accordance with the requirements applicable in the current year.

c. Classification of Assets and Liabilities (31st March, 2013, 2012)

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule VI to the Companies, Act 1956. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d. Fixed Assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Fixed Assets including project assets are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

e. Depreciation (31st March, 2013, 2012, 2011, 2010 and 2009)

Depreciation on fixed assets is provided on pro-rata basis on the straight-line method using rates prescribed by Schedule-XIV of the Companies Act, 1956. Further, depreciation on project Assets has been charged on pro-rata basis at the rates applicable for plant & machinery (Continuous Process Plant) on the straight –line method as prescribed by Schedule XIV of the Companies Act, 1956.

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f. Revenue Recognition (31st March, 2013, 2012, 2011, 2010 and 2009)

Revenue from Toll collection
Revenue from Toll collection is recognized on actual collection based upon actual usage of toll road.

Interest /Dividend income
Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction. Dividend income is recognized when the right to receive the same is established.

Expenses

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

g. Investments (31st March, 2013, 2012, 2011, 2010 and 2009)

Investments are to be valued at lower of cost or market value.

h. Miscellaneous expenditure (31st March, 2013, 2012, 2011, 2010 and 2009)

The miscellaneous expenditure is to be amortized over a period of five years.

i. Borrowing Cost (31st March, 2013, 2012, 2011, 2010 and 2009)

Borrowing costs related to the acquisition /construction of the qualifying fixed assets for the period up to the completion of their acquisition /construction are included in the book value for the assets. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which these are incurred.

j. Deferred Taxation (31st March, 2013, 2012, 2011, 2010 and 2009)

The Accounting treatment for income Tax is based on accounting standard 22- Accounting for Taxes on Income issued by Institute of Chartered Accountants of India. In accordance with the same no deferred tax assets /liability was required to be created at the year end.

k. Earnings per Share (31st March, 2013, 2012, 2011, 2010 and 2009)

The Earnings considered in ascertaining the company's EPS comprises of the net loss after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

l. Related Party Disclosure (31st March, 2013, 2012, 2011, 2010 and 2009)

As the related party transactions are between the two state controlled enterprises, the disclosure requirements as per AS-18 are not applicable to the Company. The company does not have any transaction with any other related party except NHAI.

m. Provisions, Contingent Liabilities and Contingent Assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Provisions

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

<u>NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31 2013</u>

1. Reconciliation between MTRCL & NHAI is under process.

Balance as per MTRCL Books	Rs. 441,119,479.76 Credit (Payable to NHAI)
Balance as per NHAI Books	Rs. 433,339,432.28 Debit (Recoverable From MTRCL)

2. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

3. No Transaction has occurred in following balances during the year:

UPSBC Ltd (Contractor)	Rs. 6, 58,000/- Credit balance
CES India Pvt Ltd (Consultants)	Rs. 4, 77,515/- Credit balance
UPSBC Ltd (Contractor) Contractors	Rs. 22,062,138/- Credit balance

These credit balances are subject to confirmation.

4. No provision for income Tax (Including deferred tax) has been made as there is no taxable income.

5. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012.

6. Depreciation on Tangible Assets has not been charged as all assets lying in the books have been transferred to NHAI at zero value on 01.04.2012.

7. Components of cash & cash equivalents:

	As at 31st March 2013 Rs.	**As at 31st March 2012 Rs.**
Balances with Schedule Banks in Current account (SBI)	2,16,590	1,58,714
	2,16,590	**1,58,714**

8.The company being wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.

9.Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.

10.Earnings / (Loss) Per Share:

Basic Earnings per Share

	For the year ended 31st March 2013	**For the year ended 31st March 2012**
Total no. of equity shares of Rs. 10 each fully paid up	30,000,000	30,000,000
No. of weighted av. equity shares outstanding	30,000,000	30,000,000
Net loss for the year	(511,528,632.00)	(96,414,661.95)
Basic earnings / (loss) per share (Rs.)	**(17.05)**	**(3.21)**

Diluted Earnings per Share

	For the year ended 31st March 2013	For the year ended 31st March 2012
Total no. of equity shares of Rs. 10 each fully paid up	3,00,00,000	3,00,00,000
Weighted average no. of potential equity shares	3,00,00,000	3,00,00,000
Diluted loss for the year	(511528632.00)	(96414661.95)
Diluted earnings/ (loss) per share (Rs.)	**(17.05)**	**(3.21)**

11. Previous year figures have been rounded off to the nearest rupees except earnings / (loss) per share.

12. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned.

13. Prior period expenses

	For the year ended 31st March 2013 (Rs.)	For the year ended 31st March 2012 (Rs.)
Retention money	-	8,006
Professional fees	2,369	18,900
Filing Fee	500	-
Electricity charges	-	541,680
Establishment Expenses	15,809	-
Interest on sub - debt to NHAI	-	10,983,193
Depreciation on fixed assets (From 04.12.2010 to 31.03.2012)	-	18,492,733
	18,678	**30,044,512**

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14. Contingent liabilities & provisions

1. Case filed with income tax department

(a)The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1) (c) for the assessment year 2003-04. The case was decided by CIT (A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT (A) before ITAT.In view of the above contingent liability of Rs. 5.5 crores may be occurred.

(b)The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08. The company has filed appeal against this order. In view of the above contingent liability of Rs. 2,41,56,197/- crores may be occurred.

2. Arbitration Cases

Liabilities against final bill for construction of Moradabad Bypass:

UPSBC Ltd. had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a) A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.

b) Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.

c) Rs. 10 Lacs towards cost of arbitration.

d) Rs. 5 Lacs towards cost of amicable settlement.

If interest liability is calculated till 31.03.2013, this total interest liability will be Rs. 6,715.30 crores (approx).

Pending bill of Supervision Consultant

Contingent liability of Rs. 189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477,515 is provided in the books.

3. Status of Income Tax Cases

S.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	14,54,44,692
2	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and preferred appeal before CIT (A) who passed order in favour of company. Accordingly company filed an application for refund of Rs. 776,687/- but in the mean time , department has filed an appeal with ITAT against the order of CIT(A)	Refund of Rs. 776,687/- is due	N.A	N.A.
3	2004-05	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building.	N.A.	N.A	11,44,11,007

4	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A).	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.
5	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as per order u/s 250/143(3)
6	2006-07	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building. Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence, are being contested.	Demand of Rs. 1,92,96,843/- plus interest of Rs. 1,92,968/- as interest thereon deposited.	N.A	N.A.

7	2007-08	143(3)	Appeal filed against order of CIT (A) because the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule.	N.A.	N.A	7,16,79,068/-

4. One Scrutiny case for the Assessment Year 2011-12 and one scrutiny case under section 143(2) for the Assessment Year 2012-13 are pending with the department for which amount of penalty or demand is not yet ascertainable.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

1. Reconciliation between MTRCL & NHAI is under process.
Balance as per MTRCL Books Rs. 440,833,171 Credit (Payable to NHAI)
Balance as per NHAI Books Rs. 433,069,432Debit (Recoverable From MTRCL)

2. There is change in rate of interest on sub-debt payable to NHAI. Earlier rate was 6.10 % which was increased to 10.50 % for the financial year 2010-11.The increased interest expenses of Rs. 10,983,193 has been booked as prior period expenses during the financial year 2011-12.

3. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

4 No Transaction has occurred in following balances during the year :

Contractor Deductions	Rs. 6, 58,000/- Credit balance
Sundry Creditors- Consultants	Rs. 4, 77,515/- Credit balance
Sundry Creditors- Contractors	Rs. 22,062,138/- Credit balance

These credit balances are subject to confirmation.

5. No provision for income Tax (Including deferred tax) has been made as there is no taxable income.

6. **Components of cash & cash equivalents :**

	As at 31st March 2012 Rs.	**As at 31st March 2011 Rs.**
Balances with Schedule Banks in Current account (SBI)	158,714	44,480
Escrow A/c	-	724
Fixed Deposit	-	1,210,888
	158,714	**1,256,092**

7. The company being a wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises and transactions with such enterprises has been made.

8. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.

9. **Earnings / (Loss) Per Share:**

Basic Earnings per Share

	For the year ended 31st March 2012	For the year ended 31st March 2011
Total no. of equity shares of Rs. 10 each fully paid up	30000000	30000000
No. of weighted av. equity shares outstanding	30000000	30000000
Net loss for the year	(96414661.95)	(34541939.92)
Basic Earnings / (loss) per share (Rs.)	**(3.21)**	**(1.15)**

Diluted Earnings per Share

Total no. of equity shares of Rs. 10 each fully paid up	30000000	30000000
weighted avg. No. of potential equity shares	30000000	30000000
Diluted loss for the year	(96414661.95)	(34541939.92)
Diluted Earnings / (loss) per share (Rs.)	**(3.21)**	**(1.15)**

10. Previous year figures have been rounded off to the nearest rupees except Earnings / (loss) per share.

11. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned.

12. **Prior period expenses**

	For the year ended 31st March 2012 (Rs.)	For the year ended 31st March 2011 (Rs.)
Provision for O & M Exp	-	85,059
Medical reimbursement	-	4,354
Retention money	8,006	-
Professional fees	18,900	-
Electricity charges	541,680	-
Interest on sub - debt to NHAI	10,983,193	-
Depreciation on reinstated of fixed assets (From 04.12.2010 to 31.3.2012)	18,492,733	
	30,044,512	89,413

13. **Contingent liabilities & provisions**

1. Case filed with income tax department
The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1)(e) for the assessment year 2003-04. The case was decided by CIT (A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT (A) before ITAT.In view of the above contingent liability of Rs. 5.5 crores may be occurred.

2. Arbitration Cases
Liabilities against final bill for construction of Moradabad Bypass:
UPSBC Ltd. Had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a) A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certified amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.
b) Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.
c) Rs. 10 Lacs towards cost of arbitration.
d) Rs. 5 Lacs towards cost of amicable settlement.

If interest liability is calculated till 31.03.2012, this total interest liability will be Rs. 3,598.81 crores (approx).

Pending bill of Supervision Consultant

Contingent liability of Rs. 189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477,515 is provided in the books.

3. Status of Income Tax Cases

S.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	14,54,44,692
2	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and preferred appeal before CIT (A) who passed order in favour of company. Accordingly company filed an application for refund of Rs. 776687 but in the mean time , department has filed an appeal with ITAT against the order of CIT(A)	Refund of Rs. 776687 is due	N.A	N.A.
3	2004-05	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	11,44,11,007

4	2004-05	271(1)(C)	Order of CIT (A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment facts. Appeal filed before ITAT against above order of CIT (A).	Penalty of Rs. 37500000 plus Rs. 3750000 as interest thereon have been deposited with income tax department under protest	N.A	N.A.
5	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.	N.A.	N.A	Rs. 9,766,166 as per order u/s 143(3) and Rs. 106,431,686 as per order u/s 250/143(3)
6	2006-07	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building. Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence, are being contested.	Demand of Rs. 19296843/- plus interest of Rs. 192968/- as interest thereon deposited.	N.A	N.A.
7	2007-08	143(3)	Appeal filed against order of CIT (A) because the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule.	N.A.	N.A	7,16,79,068

4. Land acquisition cases

There are 9 cases filed against company for land acquisition for the construction of Moradabad Bypass. These cases are still pending in court.

The assets which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd w.e.f.04.12.2010, were reinstated during the year at a value of Rs. 586,858,111/-. The company has no physical possession of Moradabad Bypass.

1. The company has been sanctioned the Long Term Loan Facility for Rs. 4000.00 Lacs From Infrastructure Development Finance Corporation (IDFC) and Rs. 3245.00 Lacs From State Bank of India (SBI). The actual disbursements were Rs. 28.10 crores from IDFC Ltd. and Rs.22.55 crores from SBI. The Balance as on 31.03.2011 stands at Rs. 1103.44 Lacs for IDFC & Rs. 875.70Lacs for SBI.

In Addition to above, the company has also received unsecured loans from NHAI, the parent organization on various dates. The balance as on 31.03.2011 stands at Rs. 2882.94 Lacs including interest due.

The Term Loans are secured by hypothecation:

- Over the whole of the borrower's movable properties;; forming part of the movable assets pertaining to the project, including movable plant and machinery, machinery spares, traffic signals, sign boards, toll plazas, equipment for the collection of fee, electrical equipment for lighting up of the project highway, telephone and other communication equipment's pertaining to the project highway, fixtures, implements, fittings, furniture, spares parts, tools and accessories and stores and other movable assets pertaining to the project both present and future.

- Overall the borrower's book debts, receivables, costs, commissions, revenues of whatsoever nature and where so ever arising both present and future.

- Overall the light, title, interest, benefits, claims and demands whatsoever of the borrowers in the projects documents, including insurance contracts, duly acknowledged and consented to by the relevant counter- parties & to such projects documents, all as amended, varied or supplemented from time to time.

- All tile right, title, interest of the borrower in and to Escrow Account, Debts services Reserve Account and all other reserves, all projects accounts and any other bank accounts of the borrower.

- All the right, title, interest, benefits, claims and demands(is whatsoever of title borrower in the government permits, authorizations, approvals, no objections, licenses pertaining to the project and to any claims or proceeds arising in relation to or out of the insurance contracts/insurance policies obtained by the borrower in connection with the projects.

2. Reconciliation between MTHCL & NHAI is in the process to be finalized:

Balance as per MTRCL Books	Rs. 173,300,941.00 Debit (Recoverable from NHAI)
Balance as per NHAI Books	Rs. 405,795,231.28 Debit (Recoverable From MTRCL)

3. <u>Amount Receivable from NHAI</u>
According to the books of the company Rs. 173,300,941.00 is recoverable from the NHAI.

4. There is change in rate of interest on sub-debt payable to NHAI, earlier rate was 4.56 % & revised rate is 6.10%.

5. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

6. Auditors remuneration classified in schedule 7 under the head office &administration expenses includes:

	Year Ended At 31.03.2011 (Rs.)	**Year Ended At 31.03.10 (Rs.)**
a)Statutory Audit Fees	126,845/-	110,300/-
(b)Tax audit Fees	22,060/-	11,030/-
(c) Other Matters	9,080/-	Nil
	157,994/-	**121,330/-**

7. No Transaction has occurred in following balances during the year:

Contractor Deductions	Rs. 6, 58,000/- Credit balance
Sundry Creditors- Consultants	Rs. 4, 77,515/- Credit balance
Sundry Creditors- Contractors	Rs. 22,062,138/- Credit balance

These above credit balance are subject to confirmation.

8. Contingent Liabilities

- In respect of

	As at 31 03.2011	As at 31.03.2010
Estimated amount of contracts remaining to be executed on capital Account and Not Provided for	Nil	Nil
Claims against the company not acknowledged As debts	Rs. 776,687/-	Rs. 776,687

During the FY 2009-10 a demand of Rs.776,687/- has been raised by the income tax department towards TDS liability and the same is under disputed before the CIT (A).

There are 2 cases filed against company in 2002 for land acquisition for the construction of Moradabad bypass. These cases are still pending in court

9. No provision for income Tax (Including deferred tax) has been made as there as there is no taxable income.

10. Earnings /(Loss) Per Share:

a) Basic Loss per Share

• Number of Equity shares of Rs. 10 each fully paid up at the year beginning	3 0,000,000.
• Number of equity shares of Rs.10 each fully paid up at the year-end	30,000,000.
• Weighted average number of equity shares outstanding during the period	30,000,000.
• Net loss for the year	(Rs.34,514,940)
Basic loss Per Share	(Rs.1.1514)

b) Diluted Loss per Share

• Weighted average of equity shares of Rs.10 each fully paid up outstanding during the period	30,000,000.
• Total Number of potential equity shares	30,000,000
• Net loss for the year	(Rs.34,541,940)
• Diluted Loss	(Rs.34,541,940)
Diluted loss Per Share	(Rs.1.1514)
Nominal value of Equity Shares	Rs. 10.00

11. The company being a wholly state owned enterprises as defined under Accounting Standard 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises and transactions with such enterprises has been made.

12. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned.

13. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable profits.

14. Amount has been rounded of to the nearest rupee.

15. Figures for the previous year have been regrouped/ reclassified to confirm to current year's presentation.

16. A miscellaneous receipt includes forfeited retention money and performance guarantees.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31 2010

1. The company has been sanctioned the Long Term Loan Facility for Rs.4000.00 Lacs From Infrastructure Development Finance Corporation (IDFC) and Rs. 3245.00 Lacs from State Bank of India (SBI). The actual disbursements were Rs. 28.10 crore from IDFC Ltd. and Rs.22.55 Crore from SBI. The balance as on 31.03.2010 stands at Rs. 1549.47 Lacs for IDFC & Rs.1245.48 Lacs for SBI.

   In Addition to above, the company has also received unsecured loans from NHAI, the parent organization on various dates. The balance as on 31.03.2010 stands at Rs. 2478.47 Lacs including interest due.

   The Term Loans are secured by hypothecation:

- Over the whole of the borrower's movable properties forming part of the movable assets pertaining to the project, including movable plant and machinery, machinery spares, traffic signals, sign boards, toll plazas, equipment for the collection of fee, electrical equipment for lighting up of the project highway, telephone and other communication equipment's pertaining to the project highway, fixtures, implements, fittings, furniture, spares parts, tools and accessories and stores and other movable assets pertaining to the project both present and future.

- Overall the borrower's book debts, receivables, costs, commissions, revenues of whatsoever nature and where so ever arising both present and future.

- Overall the light, title, interest, benefits, claims and demands whatsoever of the borrowers in the projects documents, including insurance contracts, duly acknowledged and consented to by the relevant counter- parties to such projects documents, all as amended, varied or supplemented from time to time.

- All the right, title, interest of the borrower in and to Escrow Account, Debts services Reserve Account and all other reserves, all projects accounts and any other bank accounts of the borrower.

- All the right, title, interest, benefits, claims and demands whatsoever of the borrower in the government permits, authorizations, approvals, no objections, licenses pertaining to the project and to any claims or proceeds arising in relation to or out of the insurance contracts/insurance policies obtained by the borrower in connection with the projects.

2. Reconciliation between MTRCL & NHAI is in the process to be finalized:

Balance as per MTRCL Books	Rs. 3, 69,994,797.00 Credits (Amount Payable to NHAI)
Balance as per NHAI Books	Rs. 3, 63,815,040.28 Debits (Recoverable From MTRCL)

3. Amount Payable to NHAI

According to the books of the company Rs. 369,994,797.00 Credit balance have been incurred by NHAI on behalf of the company.

4. There is change in rate of interest on sub-debt payable to NHAI, earlier rate was 7.96 % & Revised rate is 4.56%.

5. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

6. Auditors remuneration classified in schedule 7 under the head office & administration expenses includes:

	Year Ended At 31.03.2010 Rs.	**Year Ended At 31.03.2010 Rs.**
(a) Statutory Audit Fees	110300/-	110300/-
(b) Tax Audit Fees	11030/-	11030/-
	121330/-	**121330/-**

7. No Transaction is occurred in following balances during the year:

Contractor Deductions	Rs. 6, 58,000/- Credit balance
Sundry Creditors- Consultants Sundry	Rs. 477,515/- Credit balance
Creditors- Contractors Current	Rs. 22,062,138/- Credit balance
Liabilities	Rs.2, 11,278/- Credit balance

These above credit balance are subject to confirmation.

8. Contingent Liabilities

- In respect of

	As at 31 03.2010	As at 31.03.2009
(a) Estimated amount of contracts remaining to be executed on capital Account and Not provided for	Nil	Nil
(b) Claims against the company not acknowledged As debts	Rs.7, 76,687/-	Nil

During the year under review a demand of Rs.7,76,687/- has been raised by the income tax department towards TDS liability and the same is under disputed before the CIT (A).

There are 2 cases filed against company in 2002 for land acquisition for the construction of Moradabad bypass. These cases are still pending in court

9. No provision for income Tax (Including deferred tax) has been made as there as there is no taxable income.

10. There is no employee who is in continuous regular service for more than 5 years. Hence provision for gratuity, leave encashment and other retirement benefits was not made.

11. Earnings / (Loss) Per Share:

a) Basic Loss Per Share

- Number of Equity shares of Rs. 10 each fully paid up at the year beginning 3, 00, 00,000.
- Number of equity shares of Rs.10 each fully paid up at the year-end 3, 00, 00,000.
- Weighted average number of equity shares outstanding during the period 3, 00, 00,000.
- Net loss for the year (Rs. 134,109,127)

  Basic loss Per Share (Rs. 4.47)

b) Diluted Loss Per Share

- Weighted average of equity shares of Rs.10 each fully paid up outstanding during the period 3,00,00,000.
- Total Number of potential equity shares 3,00,00,000
- Net loss for the year (Rs.134,109,127)
- Diluted Loss (Rs.134,109,127)

  Diluted loss Per Share (Rs.4.47)

  Nominal value of Equity Shares Rs. 10.00

12. The company being a wholly state owned enterprises as defined under Accounting Standard 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises and transactions with such enterprises has been made.

13. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned.

14. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable profits.

15. Paisa has been rounded off to nearest rupee.

16. Figures for the previous year been regrouped / reclassified to conform to current year's presentation.

17. A miscellaneous receipt includes forfeited retention money and performance guarantees.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31 2009

1. The Company has been sanctioned the Long Term Loan facility for Rs. 4000.00 Lacs from Infrastructure Development Finance Corporation (IDFC) and Rs.3245.00 Lacs from State Bank Of India (SBI). The balances as on 31.03.2009 stand at Rs. 1917.93 Lacs for IDFC & Rs. 1543.36 Lacs for SBI.

In addition to above, the company has also received unsecured loans from NHAI, the parent organization on various dates. The balance as on 31.03.2009 stands at Rs. 2380.76 Lacs including interest due.

These term loans are secured by hypothecation:

(i) Over the whole of the Borrower's movable properties forming part of the movable assets pertaining to the Project, including movable plant and machinery, machinery spares, traffic signals, sign boards, Toll Plazas, equipment for the collection of Fee, electrical equipment for lighting up of the Project Highway, telephone and other communication equipment pertaining to the Project Highway, fixtures, implements, fittings, furniture, spare parts, tools and accessories and stores and other movable assets pertaining to the Project both present and future.

(ii) Over the entire Borrower's book debts, receivables, costs, commissions, revenues of whatsoever nature and where so ever arising both present and future.

(iii) Over all the light, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, including Insurance Contracts, duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time.

(iv) All the right, title, interest of the Borrower in and to Escrow Account, Debt Service Reserve Account and all other reserves, all project accounts and any other bank accounts of the Borrower.

(v) All the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the government permits, authorizations, approvals, no objections, licenses pertaining to the Project and to any claims or proceeds arising in relation to or out of the Insurance Contracts/insurance policies obtained by the Borrower in connection with the Project.

2. Reconciliation between MTRCL & NHAI has not been made.

Balance as per MTRCL Books	Rs. 23,37,99,846.00 Cr.(Payable to NHAI)
Balance as NHAI books	Rs.23,45,91,015.00 Dr. (Recoverable from MTRCL)

3. **Amount payable to NHAI**

According to books of the company Rs. 23,37,99,846.00 Credit Balance have been incurred by NHAI on behalf of company.

4. NHAI, the parent organization had awarded operation & maintenance contract to M/s Intertoll ICS CE Cons. O & M Company"(P) Ltd., on 06th September, 2002 for eight years. The 0 & M contract between NHAI and M/s Intertoll was terminated on 20-12-2005. After that in accordance with tolling policy of NHAI, the tolling contract was awarded to an association of ex-army men on man-month basis and maintenance is carried out through short term tender contract by NHAI.

5. Under Schedule 3, Fixed Assets all the company assets at toll plaza has been written off and debited to NHAI on book value as during physical verification it is found during the period toll plaza was under NHAI supervision, these assets has been transferred to other units of NHAI for utilization.

6. There is change in rate of interest on sub-debt payable to NHAI, earlier rate was 7.42% & revised rate is 7.96%.

7. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

8. Auditors' Remuneration: Auditors' remuneration classified in schedule 7 under the head Office & Administration Expenses includes:

	Year ended at 31.03.2009 Rs.	**Year ended at 31.03.2008**
Statutory Audit fees	1,10,300	1,12,360
Tax Audit Fee	11,030	11,236
Total	**1,21,330**	**1,23,596**

9. NHAI through a concession agreement dated 22-2-1999 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. All cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. had been borne by NHAI.

10. No transaction is occurred in following balances during the year

Contractor deductions	Rs.6,58,000.00 Credit Balance
Sundry Creditors- Consultants	Rs.4,77,515.00 Credit Balance.
Sundry Creditors - Contractors	Rs.2,20,62,138 Credit Balance.
Current liabilities	Rs.2,11,278.00 Credit Balance

These above credit balances are subject to confirmation.

11. Contingent Liabilities:

(i) In respect of:

	As at 31.03.09	As at 31.03.08
Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for	Nil	Nil
Claims against the Company not acknowledged as debts.	Nil	Nil

However there are 2 cases filed against company in 2002 for land acquisition for the construction of Moradabad bypass. These cases are still pending in court.

(iii) Income Tax Department has imposed penalty for the financial years ending 31st March, 2003 (Rs. 5.50 Crores.) and for the financial year ending 31st March 2004 (Rs. 3.75 Crores). The company has filed the appeals to higher authority in both the cases. Of the above two, penalty for the financial year

2002-03 (Rs.5.50 crores.) has been waived by appellate authority i.e. Commissioner of income tax (Appeals) CIT(A) and as regards financial year, 2003-04, the company has filed an appeal before ITAT which has not yet been decided till date, since Committee on disputes (COD) approval is yet to be obtained for which the company has already filed an application with COD. A penalty of Rs. 3.75 crores may be upheld if the Company stand is not accepted by \TAT. The Company has also filed an appeal before CIT (A) for financial year 2005-06 against order of A.O. It has deposited demand of Rs.1,92,96,843/- and interest thereon total amounting to Rs.1,94,89,811/- .

12. Provision for previous 7 year has been made for gratuity; leave encashment and other retiremental benefits to company's employees who are in continuous regular service for more than 5 years. The basis of calculation for gratuity is 15 days gross salary for every completed year and for leave encashment is one month earned leave for every completed year.

13. The company does not owe any amount to Small Scale Industrial Undertakings for more than 30 days.

14. No provision for Income Tax (including deferred tax) has been made as there is no taxable income.

15. Earnings/ (Loss) per Share:

(i) Basic Loss Per Share

Number of Equity shares of Rs.10 each fully paid up at the year beginning	3,00,00,000
Number of Equity shares of Rs.10 each fully paid up at the year end	3,00,00,000
Weighted Average number of Equity Shares outstanding during the period	3,00,00,000
Net Loss for the Year	(Rs.13,53,26,438)
Basic Loss Per Share	(Rs 4.51)

ii) Diluted Loss per Share

Weighted Average of equity share of Rs.10 each fully paid up outstanding during the period.	3,00,00,000
Total number of potential equity shares	3,00,00,000
Net loss for the year	(Rs. 13,53,26,438)
Diluted Loss	(Rs. 13,53,26,438)
Diluted Loss per share	(Rs 4.51)
Nominal Value of Equity Shares	Rs.10.00

16. The company being a wholly State Owned Enterprise as defined under Accounting Standard-18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

17. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned.

18. Deferred Tax assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable profits.

19. Paise have been rounded off to nearest Rupee.

20. Previous Year's Comparatives

Figures for the previous year have been regrouped/reclassified to confirm to current year's presentation.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted) (Rs)	(17.05)	(3.21)	(1.15)	(4.47)	(4.51)
Return on net worth (%)	54.08%	22.20%	10.22%	44.18%	79.91%
Net asset value per equity share (Rs)	(31.53)	(14.48)	(11.27)	(10.11)	(5.65)
Weighted average number of equity shares outstanding during the year / period (in crore)	3.00	3.00	3.00	3.00	3.00
Total number of share outstanding at the end of the year / period (in crore)	3.00	3.00	3.00	3.00	3.00
Debt Equity Ratio	(0.51)	(1.05)	(1.40)	(1.71)	(3.36)

Notes:

The ratios have been computed as below:

Earning per Share (Rs)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

MORADABAD TOLL ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports **Annexure-VIII**

Year ending March 31, 2013

We draw the attention to shareholders on the following matters:

(a) The assets (i.e Moradabad by pass along with other assets) which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. w.e.f 04.12.2010, were reinstated on 01.04.2011 at a value of Rs. 586,858,111/· and the re instated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at zero value resulting loss of Rs. 511,163,275/- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also Board of Director didn't call any General Meeting regarding transfer of Fixed Assets and consent of shareholders, under section 293(1)(a) of Companies Act,1956 was not taken prior to transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

(b) Since the company had transferred toll collection rights of Moradabad Bypass to M/s Moradabad Bareilly Expressway Ltd, and tall collection was also carried out by M/s Moradabad Bareilly Expressway Ltd, as toll rights have been handed over, toll revenue has also been ceased and going concern has also been affected.

(c) We are unable to verify the credit balance of Rs. 22,062,138/- of UPSBC, Rs. 658,000/· for other deductions of UPSBC, Rs. 477,515/- of CES India Pvt. Ltd., Rs. 2,682,981/- of RCC Developers and Rs.78,744/· of Vimal Transformer. In absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any is not ascertainable.

(d) The reconciliation between company and NHAI books has not been made. The expenses recoverable by NHAI as per the company Books as on 31st March 2013 is Rs. 441,119,479.76/- (Credit Balance), whereas the amount recoverable from company as per the NHAI books is Rs. 433,339,432.28/· (Debit Balance). The Reconciliation is under process. The effect of the reconciliation if any an the financial statement is not ascertainable.

(e) The company has not appointed full time company secretary as required u/s 383A (1) of the Companies Act, 1956.

(f) i) An arbitration case filed against the company by UPSBC Ltd and UPSBC had demanded a sum of Rs. 460.13 crores towards interest, due to delay in payment of certified amount by engineers towards work done up to 11.01.2010@ 8% compounded monthly and Rs. 10 Lacs towards cost of arbitration and Rs.5 Lacs towards cost of amicable settlement. if the interest liability is calculated upto 31.3.2013, the liability will be Rs. 6,715.30 crores (approx). The above calculation is based on various correspondence made between MTRCL and UPSBC Ltd. As the copy of the arbitration case filed before the appropriate authority is not made available to us therefore we are unable to comment on correctness of the above said contingent lia comment on the correctness of the above said contingent liability and its impact on the financial statements is not ascertainable.

ii) A demand is raised by Consulting Services India {P) Ltd amounting to Rs, 666,656/- but the company had provided only Rs.477,515/- in the books. This result contingent liability of Rs. 189,141/-. The above calculation is based on the correspondence between Consulting Services Indio (P) Ltd and Moradabad Toll Rood Co. Ltd. As the proper invoice and other supporting documents were not made available to us, therefore we are unable to comment on the correctness of the same.

(g) There are 9 cases filed for land acquisition for the construction of Moradabad Bypass.These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHAI and MTRCL is nat involved .As the proper copy of case filed and other supportive documents are not made available to us, therefore we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not ascertainable.

Annexure to the Auditors Report

(i) (a) The Company has not granted any loans, secured or unsecured, to the Companies, Firms or other parties covered in the register maintained under section 301of the Companies Act, 1956.

(b) The company has not taken any unsecured loan during the year. However, the company has outstanding unsecured loans including interest of Rs. 480,321,970/· from the NHAI as on 31.03.2013. In absence of agreement, we are unable to comment whether rate of interest and other terms and conditions of the loan is prime facie prejudicial to the interest of the company · and payment of principal and interest are regular.

(ii) In our opinion and according to the information and explanations given to us, there is adequate internal control procedures commensurate with the size and nature of the business of the company for the purchase of fixed assets and there is no transaction in relation to inventories & sale of goods & services during the audit period, hence comment on internal control of the said area is not required. However, we observed the following major weaknesses in internal control:

(a) The assets which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. w.ef 04.12.2010, were reinstated during the Financial year 2011-12 at a value of Rs.586,858,111/- and the reinstated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at zero value without approval of shareholders.

(b) Reconciliation between MTRCL and NHAI has not been made.

(c) There is no system of obtaining confirmation of balances from creditors and other parties.

(iv) a) According to the information and explanation given to us,the company has generally been regular in depositing the income tax. However, we have been explained that the provisions relating to provident fund, sales tax, wealth tax, custom duty, excise duty and cess were not applicable to the company during the year. We have been informed that no undisputed amount payable in respect of above as on 31st March 2013 for a period of more than six months from the date it became payable.

b) According to the records of the company, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax and cess which has not been deposited on account of any dispute except as follows;

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which amount relate	Forum where dispute is pending
Income tax Department	Demand u/s 271(1)(c)	Rs. 55,000,000/-	A.Y- 2003-04	Income tax Appellate Tribunal
Income tax Department	Demand u/s 271(1)(c)	Rs. 24,156,197/-	A.Y-2007-08	Income Tax Department
Note: One Scrutiny case for the Assessment Year 2011-12 and one scrutiny case under section 143(2) for the Assessment Year 2012-13 is pending with the Department for which amount is penalty or demand is not yet ascertainable.				

(v) The Company has been in existence for a period of more than five years and its accumulated losses at the end of the financial year ended at 31st March 2013 are more than 50% of its net worth. The company has incurred cash loss of Rs. 365,357 during the financial year ended on 31" March 2013, and the company has incurred cash loss of Rs. 20,719,826 in the immediately preceding financial year ended on 31st March 2012.

Year ending March 31, 2012

We draw the attention to shareholders on the following matters:

(a) As explained by the management, the assets which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. w.e.f. 04.12.2010, were reinstated during the year at the value of **Rs.586,858,111/-** However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also consent of Board of Directors and members was not obtained for the same. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

(b) The company has neither have the right to collect the toll and nor have physical possession of Moradabad Bypass. Still the "Moradabad Bypass" is appearing in the books of company as an fixed assets, and depreciation of **Rs.57,202,103/-** on this asset for the F.Y.2011-12 was charged in the books of company and depreciation of **Rs.18,492,733/-** for the period 04.12.2010 to 31.03.2011 charged in the books of company as prior period expenditure. Therefore, Financial Statement of the company is effected to the extent.

(c) Since the company had transferred toll collection rights of Moradabad Bypass to M/s Moradabad Bareilly Expressway Ltd., and toll collection was also carried out by M/s Moradabad Bareilly Expressway Ltd., as toll rights have been handed over, toll revenue has also been ceased and going concern has also been affected.

(d) The company is incurring huge losses continuously and accumulated losses are more than its net worth which gives a clear indication that the asset of company is impaired. The recoverable amounts of assets may be less than the carrying amount. The company has not made andy assessment of impairment loss as per the requirement of notified Accounting Standard AS-28 "Impairment of Assets". The effect on the financial statements due to impairment if any is not ascertainable.

(e) We are unable to verify the credit balance of **Rs.22,062,138/-** of UPSBC, **Rs.658,000/-** for RCC Developers of UPSBC, and **Rs.78,744/-** of CES India Pvt. Ltd., **Rs.2,682,981/-** of RCC developers and Rs. **78,744/-** of Vimal transformer. In absence of details and confirmation of the same, the effect on the loss and assets and liabilities, if any, is not ascertainable.

(f) The Reconciliation between company and NHAI books has not been made. The expenses recoverable from NHAI as per the company Books as on 31st March 2012 is Rs.**440,833,170.76** (Credit Balance) whereas the amount recoverable from company as per the NHAI book is Rs.**433,069,432.28** (Debit Balance). The reconciliation is under process. The effect of the reconciliation if any on the financial statement is not ascertainable.

(g) The company has not appointed full time company secretary as required u/s 383A (1) of the Companies Act, 1956.

(h) i) An arbitration case filed against the company by UPSBC Ltd. and UPSBC had demanded a sum of **Rs.460.13** crores towards interest, due to delay in payment of certified amount by engineers towards work done up to 11.01.2010 @ 8% compounded monthly and Rs.10 Lacs towards cost of arbitration and Rs.5 Lacs towards cost of amicable settlement. If the interest liability is calculated up to 31.3.2012, the liability will be **Rs.3598.81** crores (approx.). The above calculation is based on various correspondence made between MTRCL and UPSBC Ltd. As the copy of the arbitration case filed before the appropriate authority is not made available to us therefore we are unable to comment on correctness of the above said contingent liability and its impact on the financial statements is not ascertainable.

ii) A demand is raised by Consulting Service India (P) Ltd amounting to **Rs.666,656/-** but the company had provided only Rs.477.515/- in the books. This result contingent liability of **Rs.189,141/-.** The above calculation is based on the correspondence between Consulting Services India (P) Ltd and Moradabad Toll Road Co. Ltd. As the proper invoice and other supporting documents were not made available to us, therefore we are upto comment on the correctness of the same.

(i) There are 9 cases filed against company for land acquisition for the construction of Moradabad Bypass. These cases are still pending in court. As the proper copy of case filed and other supportive documents are not made available to us, therefore we are unable to determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not ascertainable.

Annexure to Auditor's report

(i) (a) The Company has not granted any loans, secured or unsecured, to the Companies, Firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956.

(b) The Company has taken unsecured loans of Rs.182,143,373/- from the NHAI during the year. In absence of agreement, we are unable to comment whether rate of interest and other terms and conditions of the loans is prime facie prejudicial to the interest of the company and payment of principal and interest are regular. However, the balance outstanding including interest as on 31.03.2012 is Rs.480,321,970/-

(ii) In our opinion and according to the information and explanations given to us, there is no adequate internal control procedures commensur4ate with the size and nature of business of the company for the purchase of fixed assets. During the year under review, the company has reinstated all of its fixed assets which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. without approval of board of directors and sharesholders. This seems to be major weakness in aforesaid internal control system. However, there is no transaction in relation to inventories & sale of goods & services during the audit period, hence comment on internal control of the said area is not required.

(iii) The Company has been in existence for a period of more than five years and its accumulated losses at the end of the financial year ended at 31st March 2012 are more than 50% of its net worth. The company has incurred cash loss of Rs. 20,719,826 during the financial year ended on 31st March 2012, however company has not incurred any cash loss in the immediately preceding financial year ended on 31st March 2011.

Year ended March 31, 2011

1.The company has transferred Moradabad Bypass along with right of Toll collection to M/s Moradabad Bareilly Expressway Ltd w.e.f 04.12.2010. As Toll right have been handed over, Toll revenue has also been ceased and Going Concern has also been affected.

The company has transferred its fixed assets (i.e. Moradabad By pass along with other assets) on 04.12.2010 at its Depreciated value. However, in absence of contracts / agreements and certificate of actuaries / valuer profit & loss on sale of assets are not ascertainable.

Board of Directors didn't call any General meeting regarding transfer of fixed assets. Also Shareholders consent, under section 293(1)(a) of Companies Act 1956,was not taken prior to transfer of such assets. Therefore we are unable to comment on true and fairness of the said transaction.

The company has the liability of Term Loan from SBI and IDFC Ltd. of Rs. 8.76 crores and Rs. 11.04 crores respectively as on the 31st March 2011. The said loans were raised to acquire /construct the Assets.

The above loans were not considered while handing over assets / toll right in determining the consideration for the same.

I. NOC were not obtained from lenders before or at the time of transfer of Assets.

II. **Since MTRCL is not a Going Concern entity and thus there is no justification of continuation of above Loans after transfer of Assets**. The company has incurred interest loss of Rs. 13,535,812 for the period 04.12.2010 to 31.03.2011 in consequence of non repayment of above loans at the time of transfer of Assets.

We are unable to verify the credit balance of Rs. 22,539,653.00 and Rs. 81,278.00 of creditors (Contractors & Consultants) and current liabilities respectively, in absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any is not ascertainable.

The reconciliation between company and NHAI books has not been made. The expenses recoverable from NHAI as per the company Books as on 31st March 2011 is **Rs. 17,33,00,941.00** (Debit Balance,) whereas the amount recoverable from company as per the NHAI books is **Rs. 40,57,95,231.28** (Debit Balance). The Reconciliation is under process. The effect of the reconciliation if any on the financial statement is not ascertainable.

There is a difference of Rs. 320.00 in SBI Term Loan Account. Amount payable (after Reconciliation) as per the company's Books as on 31st March 2011 is Rs. 87,569,520.00 (Credit Balance), whereas the amount recoverable from company as per Bank Certificate is Rs. 87,569,200.00 (Debit Balance). The Reconciliation is under process.

Year ended March 31, 2010

1. In our opinion, the Balance Sheet, Profit and Loss Account 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 except As-28 " Impairment of Assets" as notified vide Accounting Standards Rules, 2006 by Central Government.

We are unable to verify the credit balance of Rs. 2,25,39,653.00 and Rs. 2,11,278.00 of creditors (Contractors & Consultants) and current liabilities respectively, in absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any is not ascertainable.

The reconciliation between company and NHAI books has not been made. The expenses payable to NHAI as per the company Books as on 31st march 2010 is Rs. 369,994,797.00 (Credit Balance,) whereas the amount recoverable from company as per the NHAI books is Rs. 3,63,815,040.28 (Debit Balance). The Reconciliation is under process. The effect of the reconciliation if any on the financial statement is not ascertainable.

Year ended March 31, 2009

1. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956, except As-28 " Impairment of Assets" as notified vide Accounting Standards Rules, 2006 by Central Government

We are unable to verify the credit Balance of Rs. 2,31,97,653.00 & Rs. 2,11,278.00 of Creditors(Contractors & Consultants) and Current Liabilities respectively, in absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any due to this is not ascertainable.

Non confirmation of balance of Rs. 23,80,76,054.00 of Unsecured loan from National Highway Authority of India. The impact of this non confirmation on the loss and assets and liabilities if any cannot be ascertained.

The reconciliation between company and NHAI books have not been made. The expenses payable to NHAI as per the company books as on 31st March , 2009 is Rs 23,37,99,846.00 (credit balance) whereas the amount recoverable from the company as per the NHAI is Rs. 23,45,91,015.00 (debit balance). The reconciliation is under process. The effect of the reconciliation if any on the financial statement is not ascertainable.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MORMUGAO PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Mormugao Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	H.K. Chaudhry & Co.
2011-12	H.K. Chaudhry & Co.
2010-11	M.K. Goswami & Co.
2009-10	M.K. Goswami & Co.
2008-09	M.K. Goswami & Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the

convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into “Rs. in Lacs”.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. **Other Reformatted Financial Information of the Company:**

At the company’s request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section

10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

MORMUGAO PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. In Lacs)

Particulars	Notes. No.	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	**2**	5,830.18	5,830.18	5,830.18	5.00	5.00
(b) Reserves and Surplus	**3**	450.00	450.00	450.00	450.00	450.00
		6,280.18	**6,280.18**	**6,280.18**	**455.00**	**455.00**
(2) Share application money pending allotment	**4**	9.82	9.82	9.82	4,495.00	3,825.18
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	**5**	2,362.03	2,312.03	1,244.03	474.03	1,462.40
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-
(4) Current Liabilities						
(a) Short-Term Borrowings		-	-	-	-	-
(b) Trade Payables	**6**	66.53	7.87	128.53	20.10	-
(c) Other Current Liabilities	**7**	1,350.35	1,142.13	821.05	1,656.24	267.24
(d) Short-Term Provisions	**8**	-	-	-	-	7.70
TOTAL		**10,068.91**	**9,752.03**	**8,483.61**	**7,100.37**	**6,017.53**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets						
(i) Tangible	**9**	0.45	0.65	0.71	0.30	0.32
(ii) Capital Work in Progress	**10**	8,276.52	7,791.90	6,563.92	5,531.45	5,354.00
(b) Non-current investments						
(c) Deferred tax assets (net)		-	-	-	-	-
(d) Long term loans and advances	**11**	505.00	505.00	505.00	505.00	505.00
(e) Other non-current assets	**12**	37.61	37.61	37.61	28.90	28.90
(2) Current Assets						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(d) Cash and Cash equivents	**13**	29.12	119.17	186.77	273.15	26.10
(e) Short-term loans and advances	**14**	1,220.21	1,296.79	1,188.68	760.58	103.20
(f) Other current assets	**15**	-	0.90	0.92	1.00	-
TOTAL		**10,068.91**	**9,752.03**	**8,483.61**	**7,100.37**	**6,017.53**

MORMUGAO PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PRE-OPERATIVE EXPENDITURE

Annexure-II
(Rs. In Lacs)

Particulars	**Note No.**	**For the Year ending** **31-Mar-13**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Pre -Operative Expenditure		-	-	-	-	-
Employee Benefit Expenses	**16**	3.74	3.74	4.31	1.65	0.82
Other Expense		13.17	28.16	6.59	14.29	6.45
Financial Charges	**17**	308.46	290.56	57.14	80.55	122.63
A		**325.37**	**322.46**	**68.04**	**96.50**	**129.90**
LESS :-						
Interest on Equiptment Advance		66.89	59.97	11.58	-	-
Interest on FDR		2.76	13.10	7.96	-	-
Interest on Mob Adv -Aarvee		-	-	1.93	-	-
Interest on Mob Adv -KMC		80.22	76.72	78.31	-	-
Prior Period -Interest on Mob Adv		-	-	10.65	-	-
Misc. Reciepts		9.28	0.09	0.10	4.45	4.11
B		**159.15**	**149.87**	**110.52**	**4.45**	**4.11**
Add :						
Provision for Income Tax		0.85	4.16	2.52	0.97	0.43
Provision for Fringe Benefit Tax		-	-	-	-	0.40
Excess Provision for Earlier years		-	(0.15)	(0.03)	(8.21)	-
C		**0.85**	**4.02**	**2.48**	**(7.24)**	**0.83**
Add :						
Prior Period Expenses **D**		16.09	0.28	1.66	-	-
	(A-B+C+D)	**183.16**	**176.88**	**(38.34)**	**84.81**	**126.62**
Unallocated pre operating expenditure upto previous financial year.		652.72	475.84	514.17	429.36	302.74
Balance Carried Forward to Balance Sheet Note No. 11 "Capital Work in Progress" as Unallocated Pre- Operative Expenditure		**835.88**	**652.72**	**475.84**	**514.17**	**429.36**

MORMUGAO PORT ROAD COMPANY LIMITED
REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

S.no	Particulars	For the Year Ending 31st March 2013	For the Year Ending 31st March 2012	For the Year Ending 31st March 2011	For the Year Ending 31st March 2010	For the Year Ending 31st March 2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Profit before Taxation	-	-	-	-	-
	Operating Profit before working capital changes	-	-	-	-	-
	Net cash from Operating Activities	-	-	-	-	-
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Increase/(Decrease) in Current Liabilities	266.89	200.42	(726.76)	1,401.40	107.25
	(Increase)/Decrease in Current Assets, Loans & Advances	77.48	(108.10)	(429.02)	(658.37)	(66.00)
	(Increase)/Decrease in Capital Work in Progress	(484.62)	(1,227.98)	(1,032.47)	(177.45)	(136.79)
	(Increase)/Decrease in Fixed Assets	0.20	0.06	(0.41)	0.02	(0.00)
	Preliminary Expenses	-	0.00	(8.71)	-	-
	Net cash used in Investing Activities	**(140.05)**	**(1,135.60)**	**(2,197.37)**	**565.60**	**(95.55)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from Unsecured Loans	50.00	1,068.00	770.00	(988.37)	84.00
	Proceeds from Share Capital/Application	-	-	1,340.00	669.82	-
	Net cash used in Financing Activities	**50.00**	**1,068.00**	**2,110.00**	**(318.55)**	**84.00**
	Net Increase / (Decrease) in cash and cash equivalents during					
	the year (A+B+C)	(90.05)	(67.60)	(87.37)	247.04	(11.55)
	Cash and cash equivalents at commencement of the year					
	(opening Balance)	119.17	186.77	274.14	26.10	37.65
	Cash and cash equivalents at end of year					
	(Closing Balance)	**29.12**	**119.17**	**186.77**	**273.15**	**26.10**

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE ASSETS AND LIABILITIES

Annexure-IV
Figures in Lacs

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Authorized Share Capital	5,840.00	5,840.00	5,840.00	4,500.00	4,500.00
Issued, Subscribed & Paid up Capital	5,830.18	5,830.18	5,830.18	5.00	5.00

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)
At the beginning of the Year	583.02	5,830.18	583.02	5,830.18
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**583.02**	**5,830.18**	**583.02**	**5,830.18**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)
At the beginning of the Year	0.50	5.00	0.50	5.00	0.50	5.00
Fresh issue of shares during the year	582.52	5,825.18	-	-	-	-
Outstanding at the end of the year	**583.02**	**5,830.18**	**0.50**	**5.00**	**0.50**	**5.00**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012		As at 31.3.2011	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	435.00	75%	435.00	75%	435.00	75%
Mormugao Port Trust	148.02	25%	148.02	25%	148.02	25%

	As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	0.50	99.99%	0.50	99.99%

Annexure-IV
(Rs. In Lacs)

Particulars	31st March 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
NOTE - 3 RESERVE AND SURPLUS					
Capital Grant from MOC	450.00	450.00	450.00	450.00	450.00
	450.00	**450.00**	**450.00**	**450.00**	**450.00**
NOTE -4 SHARE APPLICATION MONEY PENDING ALLOTEMENT					
Share application money pending Allotment	9.82	9.82	9.82	4,495.00	4,495.00
NOTE - 5 LONG TERM BORROWINGS					
Unsecured					
Loans & Advances From Related Parties					
National Highway Authority of India	2,362.03	2,312.03	1,244.03	474.03	1,462.40
	2,362.03	**2,312.03**	**1,244.03**	**474.03**	**1,462.40**

NOTE - 6 TRADE PAYABLE

	31st March 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
M/s KMC Constructions Ltd	-	0.00	90.67	-	-
M/s Aarvee Associates	65.89	7.87	37.85	20.10	-
M/s Goa Security Services	0.64	-	-	-	-
	66.53	7.87	128.53	20.10	-
NOTE -7 OTHER CURRENT LIABILITIES					
Share Application money to be refunded.	390.18	390.18	390.18	1,330.18	-
Retention Money Payable CWIP - KMC	-	71.92	47.61	-	8.77
Retention Money Payable CWIP - JMC	-	25.59	2.04	-	-
Land acquisition MPT	3.64	3.64	3.64	3.64	3.64
Mobilization Advance (BRO)	1.83	1.83	1.83	1.83	1.83
M/s Stup Consultant	10.34	10.34	10.34	10.34	10.34
M/s T&T Group-Pune	3.14	3.14	3.14	3.14	2.30
Other Liabilities	55.87	27.74	15.90	12.02	17.71
Intererst accrued and due on above	885.36	607.76	346.38	295.10	222.66
TOTAL	**1,351.35**	**1,142.13**	**821.05**	**1,656.24**	**267.24**
NOTE -8 SHORT TERM PROVISIONS					
Provision for Income Tax	-	-	-	0.97	7.70
Provision for FBT	-	-	-	-	-
	-	**-**	**-**	**0.97**	**7.70**

NOTES-9 Fixed Assets

Particulars	Rate	Net Block				
		W.D.V as on 31.03.2013	W.D.V as on 31.03.2012	W.D.V as on 31.03.2011	W.D.V as on 31.03.2010	W.D.V as on 31.03.2009
Block-A	**100.00%**					
Furniture and fixture		-	-	-	-	-
Stablizer		-	-	-	-	-
(Items of small value having less than Rs. 5000/-)						
Block-B	**16.21%**					
Computer and EDP Equipments		0.10	0.28	0.28	0.05	0.14
Printer		-	-	0.18	0.08	-
Block - C	**6.33%**					
Office equipment (mobile instument)		0.36	0.38	0.25	0.17	0.18
Total		**0.45**	**0.65**	**0.71**	**0.30**	**0.32**

MORMUGAO PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV

(Rs. In Lacs)

	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
NOTE - 10 CAPITAL WORK IN PROGRESS					
Capital WIP at site	7,440.64	7,139.18	6,088.08	5,017.27	4,924.64
Un -Allocated Pre -Operative Expenditue	835.88	652.72	475.84	514.17	429.36
TOTAL	**8,276.52**	**7,791.90**	**6,563.92**	**5,531.45**	**5,354.00**
NOTE - 11 LONG TERM LOANS AND ADVANCES					
Unsecured and Considered good					
Capital Advances					
Govt. of Goa	455.00	455.00	455.00	455.00	455.00
Electricty Department , Govt. Of Goa	50.00	50.00	50.00	50.00	50.00
TOTAL	**505.00**	**505.00**	**505.00**	**505.00**	**505.00**
NOTE - 12 OTHER NON CURRENT ASSETS					
Unamortised expenses					
Preliminary Expenses	37.61	37.61	37.61	28.90	28.90
TOTAL	**37.61**	**37.61**	**37.61**	**28.90**	**28.90**

	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
NOTE - 13 CASH AND CASH EQUIVALENT					
Cash on Hand	-	-	-	-	-
Balances with Schedule Banks in Current account:	3.95	19.17	26.77	18.15	16.10
Fixed Deposit for less than 3 months	25.17	100.00	160.00	255.00	10.00
TOTAL	**29.12**	**119.17**	**186.77**	**273.15**	**26.10**
NOTE - 14 SHORT TERM LOANS & ADVANCES					
Unsecured, Considered Good					
Mobilisation Advance-KMC	-	568.10	540.88	601.63	-
Material Advance-KMC	-	125.08	110.06	-	-
Equipment Advance-KMC	1,066.52	456.40	396.31	-	-
Advance Income Tax / TDS Receivable	0.70	0.58	0.66	0.76	-
Travelling Allownace	0.09	-	-	-	-
Advance FBT	-	-	-	-	0.17
Others	-	0.08	-	0.21	0.61
Mobilisation Advance-Aarvee	-	-	-	39.66	-
	-	-	-	-	-
Loans & Advances to related parties:	-	-	-	-	-
NHAI	152.90	146.55	140.77	118.32	102.42
TOTAL	**1,220.21**	**1,296.79**	**1,188.68**	**760.58**	**103.20**
NOTE - 15 OTHER CURRENT ASSETS					
Interest accrued on deposits	-	0.90	0.92	1.00	-
TOTAL	**-**	**0.90**	**0.92**	**1.00**	**-**

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT & LOSS

Annexure-V
(Rs. In Lacs)

	For the Year Ended 31st March 2013	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2009
NOTE - 16 EMPLOYEE BENEFIT EXPENSES					
Salaries & Wages	3.74	3.74	3.29	1.48	0.74
Staff Welfare Expenses	-	-	0.41	0.16	0.08
Contribution to CPF, Pension and Leave salary	-	-	0.61	0.01	-
	3.74	**3.74**	**4.31**	**1.65**	**0.82**
NOTE - 17 OTHER EXPENSES					
Telephone Expenses	0.01	0.00	0.18	0.13	0.04
Conveyance Expenses	0.02	0.02	0.01	-	0.00
Travelling Expenses	0.39	0.88	0.88	1.73	1.63
Vehicle hiring charges	0.94	0.92	0.89	1.13	0.89
Newspaper and Periodicals	0.00	0.01	-	-	-
Legal and Professional Expenses	6.00	15.87	0.98	1.07	1.34
Repair & Maintenance	0.08	0.09	0.17	0.06	0.09
Postage & Telegram	0.07	0.07	0.07	0.06	0.03
Filling and ROC Expenses	0.15	0.07	0.07	0.34	0.03
Security Expesnes	1.63	1.02	0.58	0.34	0.34
Stamp Duty Paid	-	5.83	-	-	-
Printing and Stationery Expenses	0.15	0.12	0.21	0.18	0.05
Auditors Remuneration - Statutory Audit Fees	0.96	0.94	0.94	0.77	0.79
- Out of Pocket Expenses	0.40	0.95	0.34	0.81	0.26
- Internal Audit Fees	1.05	1.05	1.05	0.84	0.84
Electricity and Water Expenses	0.02	0.02	0.06	0.04	0.01
Concession Fees	0.00	0.00	0.00	0.00	-
Others	1.10	0.10	0.01	0.01	0.00
Depreciation	0.20	0.20	0.15	0.12	0.10
Advertisement Expenses	-	-	-	6.64	-
	13.17	**28.16**	**6.59**	**14.29**	**6.45**
NOTE - 18 FINANCIAL COST					
Interest on Sub Debt from NHAI	308.45	290.42	56.99	80.48	122.62
Bank Charges	0.01	0.14	0.16	0.07	0.01
TOTAL	**308.46**	**290.56**	**57.14**	**80.55**	**122.63**

Annexure VI

Notes Forming Part of the Financial Statement for the year ended (31st March, 2013)

I Background (31st March, 2013)

The company was set up in December, 2000 to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Mormugao Port connectivity under the " Build –Operate-Transfer" (BOT) Basis. Previously, the project was handled by Mormugao Port Trust (MPT). Later the Govt. of India requested National Highway Authority of India (NHAI) to implement the project. NHAI decided to implement the project through a SPV, therefore, the company (MPRCL) was formed on 26th December 2000, However, till 31st March 2001 project was not taken by the company due to non-completion of certain formalities. By virtue of an MOU signed between the Company & Border Road Organization (BRO), the contractor, on 29.04.2002 project was taken over by the company with deemed cutoff date of 1st April 2001. A concessionaire agreement was entered between the Company and NHAI conferred the right to the company to implement the project and levy toll/user fee during the concession period after completion of construction. The project from km 0.00 to km 13.100 was completed in the month of June 2004.The remaining project from km 13.100 to km 18.300 is partly taken up by the company due to non-removal of encroachment & handing over of the complete site by the State Govt. to the company. The Hon'ble High Court of Bombay vide its order dated 04/05/2011 directed the State Govt to hand over encumbrance free land to the Company by 30/06/2011 and also directed the Company to complete the road by 30/12/2011. Against this, the State Govt. has approached the Hon'ble Supreme court of India and has filed Special Leave Petition (SLP) in June 2011 for change in scope of work which is not acceptable to MPRCL/NHAI.

The Hon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that the State Govt. may be permitted to construct the balance portion of 4 lane highway after foreclosure of the Contract by MPRCL(NHAI) with M/s KMC Construction Ltd(existing contractor). The State Government would hand over the same to MPRCL (NHAI) after Construction. The cost of construction would be borne by MPRCL & MPT. The MOU between MPRCL (NHAI), MPT and State Govt. of Goa for construction and handing over the same after construction is under process.

Background (31st March, 2012)

The company was set up in December, 2000 to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Mormugao Port connectivity project under the " Build –Operate-Transfer" (BOT) Basis. Previously, the project was handled by Mormugao Port trust. Later Govt. of India requested National Highway Authority of India (NHAI) to implement the project. NHAI decided to implement the project through a SPV therefore, the company was formed on 26th December 2000, and however, till 31st March 2001 project was not taken by the company due to non-completion of certain formalities. By virtue of an MOU signed between the Company & Border Road Organization (BRO), the contractor, on 29.04.2002 project was taken over by the company with deemed cut off date of 1st April 2001. A concession agreement entered between the Company and NHAI conferred the right to the company to implement the project and levy toll/user fee during the concession period after completion of construction. The project from km 0.00 to km 13.100 was completed in the month of June 2004.The remaining project from km 13.200 to km 18.300 is partly taken up by the company due to non-removal of encroachment & handing over of the site by the State Govt. to the company. The Hon'ble High Court of Bombay vide its order dated 04/05/2011 directed the state Govt. to hand over encumbrance free land to the company by 30/06/2011 and also directed the company to complete the road by 30/12/2011. Against this, the State Govt. has approached the Hon'ble Supreme Court of India and has filed special leave petition (SLP) in June 2011 for change in scope of work which is not agreeable and not possible to MPRCL/NHAI at this state of contract.

The matter is in Supreme Court. The Contractor appointed to complete the work has abandoned the project site without the consent of the engineer.

Background (31st March, 2011, 2010 and 2009)

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Mormugao Port connectivity project under the ― Build – Operate-Transfer (BOT) Basis. Previously, the project was handled by Mormugao Port trust. Later Govt. of India requested National Highway Authority of India (NHAI) to implement the project. NHAI decided to implement the project through a SPV named Mormugao Port Road Co. Ltd (MPRCL) therefore, the company was formed on 26th December 2000, and however, till 31st March 2001 project was not taken by the company due to non-completion of certain formalities. By virtue of an MOU signed between the Company & Border Road Organization (BRO), the contractor, on 29.04.2002 project was taken over by the company with deemed cut off date of 1st April 2001. A concession agreement entered between the Company and NHAI conferred the right to the company to implement the project and levy toll/user fee during the concession period after completion of construction. The project from km 0.00 to km 13.100 was completed in the month of June 2004.The remaining project from km 13.200 to km 18.300 is yet to be taken up by

the company due to non-removal of encroachment & handing over of the site by the State Govt. to the company. The rehabilitation board of State of Goa is dealing with the removal of encroachments from
the project site. Out of the balance stretch of 5.20 km from km 13.10 to 18.30, the State Govt. of Goa has already handed over clear land of 4.02 km to the NHAI. The balance of 1.18 Km is yet to be handed over by the State Govt. There are some encroachments still required to be removed from the balance stretch of 1.18 km. The removal proceedings are in progress and likely to be completed soon. During the year the company has entered in to an agreement with M/s KMC Construction Ltd (Contractor) for the completion of the remaining of 5.2 km with a total contract price of Rs. 120.33Crores. After completion of the remaining stretch, the entire project will be capitalized as a single project.

II SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting (31st March, 2013, 2012, 2011, 2010 and 2009)

The Financial Statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India, Provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

As the Company had not commenced commercial operation, the statement of the Profit & Loss has not been prepared. Information required to be furnished by the Company in accordance with Part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Pre-operative expenditure forming pat of accounts and to the extent applicable.

b) Financial Statements: Presentation and disclosures (31st March, 2013, 2012)

During the year ended 31st March 2012, the revised schedule VI, notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified /regrouped the previous year figures in accordance with the requirements applicable in the current year.

c) Classification of Assets and Liabilities (31st March, 2013, 2012)

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule VI to the Companies, Act 1956. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d) Use of Estimate (31st March, 2013, 2012, 2011, 2010 and 2009)

The preparation of financial statements in conformity with Generally accepted Accounting Principles (GAAP) in India requires managements to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Difference between the actual results and estimate is recognized in the period in which the results are known / materialized.

e) Capital Grant (31st March, 2013, 2012, 2011, 2010 and 2009)

In accordance with Accounting Standard 12, external assistance other than loan provided by Ministry of Commerce under its critical infrastructure scheme to the project is accounted as Capital grant to the project and therefore credited to capital reserve. Fixed assets created out of the grant are included in the total work in progress (total assets) & subject to depreciation on entire project assets as a whole.

f) Fixed Assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Fixed assets, if any other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

All the expenditure incurred till the completion of the entire project is shown as "Capital Work in Progress" i.e. pending completion of the entire Road stretch, the expenditure on partly completed stretch is shown as capital work in progress.

Interest earned on unutilized capital is adjusted against Capital Work in Progress. The interest due on the loan taken by the company has been added as indirect project expenditure in the statement of pre operative expenditure & charged to Capital Work in Progress.

Payments made to various Govt dept/agencies for various work like shifting of utilities, construction of ROBs and rehabilitation are shown under Capital Work in Progress and subject to the utilization statement furnished by the concerned agencies.

g) Depreciation (31st March, 2013, 2012, 2011, 2010 and 2009)

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method using rates prescribed by Schedule XIV to the Companies Act, 1956. No depreciation is provided on the assets or the portion of the assets financed out of the capital grants.

An item of asset costing Rs.0.05Lacs or less is charged off to revenue in the year of acquisition / purchase / commission / available for use and such item of asset with written down value of Rs. 0.05Lacs or less as at the beginning of the year is also fully depreciated during the year.

Stationary and other items of consumable nature are written-off in the year of purchase.

Depreciation on project assets on (Project) will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

h) Investment (31st March, 2013, 2012, 2011, 2010 and 2009)

Investments are valued at lower of cost or market value. However no investment is made by the company.

i) Miscellaneous expenditure (31st March, 2013, 2012, 2011, 2010 and 2009)

The miscellaneous expenditures will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

j) Capital work-in-Progress (31st March, 2013, 2012, 2011, 2010 and 2009)

All the capital expenditure incurred till the completion of the project (i.e. till the issuance of take over certificate under the contracts) is shown as 'Capital Work in Progress'.

Interest earned on unutilized capital as also on advance/loans granted to the contractor/ consultants and the interest on market borrowings / loans availed by the company is shown as part of the Capital Work in Progress.

k) Employees' Cost (31st March, 2013)

Project Director, Manager (Tech) & Accountant are the employees of NHAI deployed for work at PIU-Goa (MPRCL). The Salary, PF deductions and other retirements benefits are paid by NHAI and accounted in their books of accounts as contributions are paid by NHAI. The Salary of administrative staff employed at Head Office of NHAI which are on Payroll of NHAI who are looking after the work of various SPV is equally allocated to various SPV's including the company.

Employees' Cost (31st March, 2012)

Project Director, Manager (Tech) & Accountant are the employee of NHAI deployed for work at PPIU-Goa (MPRCL). The Salary, PF deductions and other retirements are paid by NHAI and accounted at their books contributions are paid by NHAI. The salary of administrative staff at Head Office which is on payroll of NHAI who is looking the work of SPV is equally divided into SPV's.

Employees' Cost (31st March, 2011, 2010 and 2009)

Project Director is the only employee posted at PIU-Goa on behalf of NHAI. The PF deductions and contributions are being sent every month to the parent department of the employee. The Earned Leave and Gratuity contribution payment has been provided and the same is remitted every year.

l) Revenue recognition (31st March, 2013, 2012, 2011, 2010 and 2009)

Interest earned on surplus funds kept as deposit with banks is accounted for on accrual basis and has been shown as a deduction from the Capital Work in progress.

m) Borrowing Cost (31st March, 2013, 2012, 2011, 2010 and 2009)

Borrowing cost directly attributable to the acquisition or construction of the qualifying asset for the period upto its acquisition or construction are capitalized as part of the cost of the asset. Further borrowing costs, if any shall be recognized as an expense in the period of incurrence.

Toll road per se is considered as a single comprehensive asset. Despite being completed in parts and such parts capable of being used during the construction of other parts, capitalization of relatable borrowing costs shall be done till the completion and commissioning of the entire project.

n) Earnings per share (31st March, 2013, 2012, 2011, 2010 and 2009)

Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants of India has not been given.

o) Accounting for taxes on Income (31st March, 2013, 2012)

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under Income Tax Act 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred taxable assets are not recognized unless there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Accounting for taxes on Income (31st March, 2011, 2010 and 2009)

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under Income Tax Act 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred taxable assets are not recognized unless there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard -22 is not required to be made and hence there are no deferred tax assets or liabilities.

p) Provisions, Contingent Liabilities and Contingent Assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Provisions

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

q) Impairment of Fixed Assets (31st March, 2013, 2012)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an assets due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Notes forming part of the Financial Statement for the year ended 31st March 2013.

1. The project from km 0.00 to km 13.10 was completed in the month of June 2004.The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non - handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site.

As per the directive of the Hon'ble High Court of Bombay at Goa, PWD, Govt. of Goa has already handed over 4.02 Km of clear land to the company. Out of the remaining 5.20 Km. The balance 1.18 Km which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has filed Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another six months.

The Hon'ble Bombay High Court in its judgment on 04.05.2011 had directed the Goa State Govt. to hand over land (free of encumbrance) to NHAI by 30.06.2011 and also directed NHAI to complete the work by 31.12.2011. The State Govt. failed to comply with direction of High Court, instead. has filed SLP in the Hon'ble Supreme Court on 23.06.2011.

Meantime the Company has started construction activities on the clear land of the balance stretch handed over to the Company. For the construction of the remaining stretch, maintenance of the completed stretch and supervision of the project, the company has entered into three major agreements during the year 2009-10 the one of them was awarded to Contractor M/s KMC Construction Ltd for :

a) The balance Port Connectivity Project in the State of Goa from Varunapuri junction (Km.13.100) to Sada junction (Km.18.300) for a length of 5.20Km including FOB cum ROB for a length of 1.24Km for an amount of Rs. 120,32,53,238.00 Crores with a completion period of 24 months. The scheduled date of commencement and Scheduled date of completion were reckoned as 15.10.2009 and 14.10.2011.

The project could not be completed in full due to various issues like:

1. Non-removal of encroachers
2. Non-shifting of utilities.
3. Withdrawal of CRZ clearance (which was issued to NHAI in 2007)
4. Non removal of Naphtha pipeline coming in the alignment of the road.
5. Naphtha blasts and fire incident on project site on 19th August 2011 at NH-17B site.

The work was stopped in August 2011 after naphtha blast.

Recently, the Hon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that State Govt. may be permitted to construct the balance portion of 4 lane highway after foreclosure of the contract by MPRCL(NHAI) with M/s KMC Construction Ltd. The State Government would hand over the same to MPRCL (NHAI) after construction. The cost of construction would be borne by MPRCL & MPT. The MOU between MPRCL (NHAI), MPT and State Govt. of Goa for construction and handing over the same after construction is under process.
As directed by the Supreme Court, joint measurement has been taken by MPRCL (NHAI), MPT and PWD, Govt. of Goa along with the Contractor for the quantity executed by the Contractor. The current cost for the balance quantity also has been worked out by M/s Aarvee Consultants which comes to Rs. 132.42 Crores (approx.). The actual cost would be known only after completion of work.

The stretch from Km 13.10 to Km 18.300 has been handed over to State PWD. on 06.12.2012 with all the detailed documents in the form of hard and soft copies as per the directives of the Hon'ble Supreme Court on 17.09.2012. A notice of intention for foreclosure also has been issued to the Contractor on 26.11.2012 by NHAI.

b) Contract agreement dated 17/11/2009 with M/s JMC Construction Private Limited for short term improvement and maintenance of completed stretch for a contract price of Rs.4.76 Crores. The short term development & maintenance work was commenced on 14/12/2009 by the contractor and the contractor period was twenty four months, The Contractor has already completed their job as per agreement.

c) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineers and Consultants for providing consultancy services for the implementation of the project for a contract price of INR 4.49 Crores & USD 4,37,600. The consultant commenced their services from November 2009 and the contract period is for thirty months. In the year 2011-12(August, 2011), There was Naphtha fire incident on Project site of NH - 17B, The foreign consultant who was also team leader with the above consultant has stopped attending the site since incident, the Company has rejected their Claim for payment to the foreign consultant from August, 2011 onwards, however, consultancy services for domestic payment has been further extended twice by authorities upto 31/05/2013.

The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless and until the balance 5.2Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A), the proposal for tolling the completed stretch cannot be taken up.

2. During the year 2011-12, While digging and undertaking the Extension of Existing Highway NH- 17B From Vanapuri Junction to Sada Junction, One Pipeline belonging to M/s Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of drainage of Naphtha from the pipeline. FIR was registered in which Project Director is also made a party and Criminal Case has been filed before Hon'ble High Court of Bombay at Goa. The case is still pending.

3. Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

4. The company has also received equity contribution of Rs. 4,00,00,000/- from Mormugao Port Trust(MPT) during 2010-11 as share application money pending approval of competent authority for allotment . The amount to the extent of unsubscribed authorized capital is shown as Share Application Money pending allotment & the balance amount is shown under Other Current Liabilities.

5. During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs 7.5 Crores to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National Highways. Out of total sanctioned funds, Rs. 4.5 Crores was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port Trust, the company has shown Rs 4.5 Crores as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the asset is created. The balance amount of grant of Rs. 3 Crores will be accounted as and when received.

6. As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be borne by NHAI and the balance 25% shall be borne by the company. As a result, the expenses of Rs.10,18,909/- have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the total expenses.

7. Interest payable to NHAI on Loan (Subordinate-Debt) has been calculated and provided in the books of accounts @ 10.5% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total Interest provided during the year is Rs.3,08,44,744/-.

8. Interest receivable on mobilization and equipment advances to contractors has been calculated and provided in the books of accounts on prime lending rate (PLR) of State Bank of India during the year.

9. Provision for Income Tax has been made of Rs. 85,218/- on interest earned on Bank deposit (FDRs) during the year. (Previous year Rs. 2,51,790/-).

10. Contingent Liabilities as on 31/03/2013

(Rs. in Crores)

Description	Current Year	Previous Year
Claims against the Company not acknowledge as debts in respect of		
-Capital Works	69.26	35.12
-Legal Cases	82.34	68.00
Total	151.60	103.12

a) Contingent Liabilities towards capital works include claim of M/s KMC Construction Ltd of Rs. 59.62 Crores for idling of resources, opportunity loss & other compensation for foreclosure of Contract and also includes claim of Border Road Organization of Rs. 9.54 Crores

b) Contingent Liabilities towards legal case includes Rs. 66.41 Crores towards suit filed by M/s Zauri Holdings Ltd & Rs. 15.93 Crores towards suit filed by M/s Zuari Indian Oil Tanking Limited for Naptha fire accident.

11. Inter Company Balances as on 31/03/2013:

S.N	Particulars	As per Our Books	As Per Books of NHAI	Difference
1	Recoverable against expenses	15,490,258/-(Dr)	13,985,918/-(Cr)	1,504,340/-(Dr)
2	Loan including interest accrued(Net of tax)	3,24,738,921/-(Cr)	3,29,738,921/-(Dr)	5,000,000 (Cr)

*Rs. 50,00,000 (Cr.) difference is on account of funds received from NHAI in month of April, 2013.

12. The company being wholly state controlled enterprises as defined under Accounting Standard – 18 on Related Party Disclosures, there are no transactions with other state controlled enterprises. Hence, no disclosures have been made.

13. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, (parent organization) and Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

14. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

15. Previously, the project was handled by Mormugao Port Trust. The Port Trust have also incurred certain expenditure during the initial period of project. Their claim of expenditure is amounting to Rs. 43.97 Crores. Out of the same Rs. 18.80 Crores has already been capitalized in books of accounts and the remaining amount will be capitalized and accounted for after due verification.

16. Auditor Remuneration:

	For the year <u>2012-2013</u>	For the year <u>2011-2012</u>
Statutory Audit Fee (excluding service tax)	85,000/-	85,000/-

17. Vide Notification No. 30/2012 ST dt. 20/06/2012, a new scheme of taxation of services has been brought into effect i.e. Reverse Charge Mechanism wherein in case of certain services the liability of depositing Service Tax for services received shall be on Service Recipient in the proportionate prescribed under the said notification. The Company is yet to be registered itself under service Tax, therefore, the amount of service Tax due on Reverse charge amounting to Rs.104283/- has not been deposited with Central Govt. & is lying in current liabilities.

18. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs.3,73,579/-, which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursement etc.

19. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

20. Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants Of India has not been given.

21. In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard-22 is not required to be made and hence there are no deferred tax assets or liabilities.

22. Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, if any.

23. Previous year figure have been regrouped/rearranged wherever considered necessary.

Notes forming part of the Financial Statement for the year ended 31st March 2012.

1 The project from km 0.00 to km 13.10 was completed in the month of June 2004.The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non-handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site.

As per the directive of the Hon'ble High Court of Bombay at Goa, PWD,Govt. of Goa has already handed over 4.02 Km of clear land to the company out of the remaining 5.20 Km. The balance 1.18 Km which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has filed Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another six months.

The Hon'ble Bombay High Court in it's judgment on 04.05.2011 has directed the Goa State Govt. to hand over land (free of encumbrance) to NHAI by 30.06.2011 and also directed NHAI to complete the work by 31.12.2011. The State Govt. failed to comply to direction of High Court, instead has filed SPL in the Hon'ble Supreme Court.

Now, the construction activities on the clear land of the balance stretch handed over to the company has again taken up by the company. For the construction of the remaining stretch, maintenance of the competed stretch and supervision of the project, the company has entered into three major agreements during the year 2009-10 which are as under:

a) Contract agreement dated 23/09/2009 with M/s KMC Construction Ltd for completion of the remaining stretch of 5.20 Km along with a Railway Over Bridge for a contract price of Rs.12033.00Lacs. The construction work was commenced on 15/10/2009 by the contractor and the contract period was for twenty four months. The matter for handing over the clear title of land to the company is pending before Hon'ble Supreme Court, M/s KMC Construction Ltd has abandoned the project & shifted major equipments from Contract site without consent of the engineer.

b) Contract agreement dated 17/11/2009 with M/s JMC Construction Private Limited for short term improvement and maintenance of completed stretch for a contract price of Rs.476.00Lacs. The short term development & maintenance work was commenced on 14/12/2009 by the contractor and the contractor period is for twenty four months. The contractor has already completed their job as per agreement.

c) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineers and Consultants with Roughton for providing consultancy services for the implementation of the project for a contract price of INR 449.00 Lacs & USD 4.38 Lacs The consultant commenced their services from November 2009 and the contractor period is for thirty months. In the year 2011-12 (August 2011), there was Naphtha fire incident on Project site of NH-17B, the Foreign Consultants who was also Team Leader has stopped attending the site since incident, Company has rejected their claim in Foreign Currency from August 2011 onwards. However, consultancy service contract in INR is still in force.

The possibility of levy of toll on partly completed stretch of stretch of 13.10 cannot be considered unless and until the balance 5.2 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e NH 17A), the proposal for tolling the completed stretch cannot be taken up.

2 During the year, while digging and undertaking the Extension of existing highway NH-17B from Vanapuri Junction to sada junction, one pipeline belonging to M/s Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of Drainage of Naphtha from pipeline. As FIR was registered in which project director is also made a party and criminal case has been filed before Hon'ble High Court of Bombay at Goa. The matter is pending before the High Court.

3 Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

4 The company has also received equity contribution of Rs. 400 Lacs from Mormugao Port Trust (MPT) during 2010-11 as share application money pending approval of competent authority for allotment. The amount to the extent of Unsubscribed authorized capital is shown as Share Application Money pending allotment and the balance amount is shown under other current liabilities.

5 During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs 750 Lacs to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National Highways. Out of total sanctioned funds, Rs. 450 Lacs was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port Trust, the company has shown Rs. 450 Lacs as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the asset is created. The balance amount of grant of Rs. 300 Lacs will be accounted as and when received.

6 As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses of Rs. 9.56 Lacs have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the total expenses.

7 Interest payable to NHAI on Loan (Sub-Debt) has been calculated and provided in the books of accounts @ 10.5% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total interest provided during the year is Rs. 290.41 Lacs which includes different interest of Rs. 41.10Lacs or F.Y. 2010-11.

8 Interest receivable on mobilization and equipment advances to contractors has been calculated and provided in the books of accounts @ 14.75% which is the prime lending rate (PLR) of State Bank of India during the year.

9 Provision for Income Tax has been made of Rs. 4.16 Lacs on interest earned on Bank deposits (FDRs) during the year. (Previous year Rs.2.52 Lacs).

10 Claim against Company not Acknowledged as Debt of Rs. 10311.00 Lacs & $ 0.19 Lacs in F.Y. 2011-12 as against Rs. 984.00 Lacs last year. These liabilities are contingent in nature.

11 Inter Company Balances as on 31/03/2012:

(Figures in Lacs)

S.N	Particulars	As per our Book	As Per Book of NHAI	Difference
1	Recoverable against expenses	146.55 (Dr.)	133.32 (Cr.)	13.23(Dr.)
2	Loan including interest accrued (Net of tax)	2,919.79 (Cr.)	2919.79 (Dr.)	NIL

12 Capital Commitments towards capital expenditure outstanding as on 31st March 2012:

(in Lacs)

S. No	Particulars	Total Contract Value(Rs.)	Incurred up-to 31/03/2011(Rs.)	Incurred upto 31/03/2012 (Rs.)	Value of work to be done as on 31/03/2012(Rs.)
1	Construction Contract	12033.00 Lacs	794.00 Lacs	1199.00 Lacs	10834.00 Lacs
2	Short Term Development & Maintenance Contract	476.00 Lacs	41.00 Lacs	511.00Lacs	NIL
3	Supervision Consultancy	449.00 Lacs USD 4.38	Rs. 198.00 Lacs US$ 2.54	Rs. 341.00 Lacs & USD$ 3.19	Rs. 108.00 Lacs & US$ 1.19

13 The company being wholly a state controlled enterprise as defined under Accounting Standard – 18 on Related Party Disclosure. There are no transactions with other state controlled enterprises. Hence, No disclosures has been made.

14 All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization and from Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

15 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished.

16 Auditor Remuneration:

	For the year 2011-2012	for the year 2010-2011
Statutory Audit Fee (excluding service tax)	0.85 Lacs	0.85Lacs

17 Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs.3.74 Lacs which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursement etc.

18 In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

19 Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants Of India has not been given.

20 In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard – 22 is not required to be made and hence there are no deferred tax assets or liabilities.

21 Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, if any.

22 Previous period figure have been regrouped/rearranged wherever considered necessary.

Notes forming part of the Financial Statement for the year ended 31st March 2011

1. The project from km 0.00 to km 13.10 was completed in the month of June 2004.The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site.

   As per the directive of the Hon'ble High Court of Bombay at Goa, PWD,Govt. of Goa has already handed 4.02 Km of clear land to the company out of the remaining 5.20 Km. The balance 1.18 Km which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has submitted Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/207 as well as for extension of time for another six months. The matter is pending before the Hon'ble High Court and got adjourned from time to time.

   The Hon'ble Bombay High Court in its recent judgment on 04.05.2011 has directed the Goa State Govt. to hand over land (free of encumbrance) to NHAI by 30.06.2011 and also directed NHAI to complete the work by 31.12.2011. The State Govt. filed to comply to direction of High Court, instead State Govt. has failed SLP in the Hon'ble Supreme Court on 23.06.2011.

   Now, the construction activities on the clear land of the balance stretch handed over to the company has again taken up by the company. For the construction of the remaining stretch, maintenance of the competed stretch and supervision of the project, the company has entered into three major agreements during the year 2009-10 which are as under:

   a) Contract agreement dated 23/09/2009 with M/s KMC Construction Ltd for completion of the remaining stretch of 5.20 Km along with a Railway Over Bridge for a contract price of Rs.120,33.00Lacs. The construction work was commenced on 15/10/2009 by the contractor and the contractor period is for twenty four months.

   b) Contract agreement dated 17/11/2009 with M/s JMC Construction Private Limited for short term improvement and maintenance of completed stretch for a contract price of Rs.4,76.00Lacs. The short term development & maintenance work was commenced on 14/12/2009 by the contractor and the contractor period is for twenty four months.

   c) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineers and Consultants with Roughton for providing consultancy services for the implementation of the project for a contract price of INR 4,49.00Lacs & USD 4,38.00Lacs. The consultant commenced their services from November 2009 and the contractor period is for twenty four months.

   The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless and until the balance 5.2 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A), the proposal for tolling the completed stretch cannot be taken up.

2. Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

3. Authorized Capital of the company has been increased toRs. 58,40Lacs during the year. Earlier the authorized capital was Rs.45,00Lacs

4. Issued, Subscribed and Paid-up Capital of the company has also been increased by Rs 57,25.18 Lacs by issue of 57,251,790 nos additional equity shares at a face value of Rs. 10/- each to the existing shareholders on pari-passu basis. The allotment has been made against the share application money of Rs.58,25.18Lacs received in earlier years.

5. Expenses of Rs.8.71Lacs incurred in connection with enhancement of authorized capital and allotment of new equity share capital(ROC Fee & Stamp Duty) has been shown as 'Preliminary Expenses' under the head "Miscellaneous Expenditure" and will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

6. The company has also received equity contribution of Rs. 4,00 Lacs from Mormugao Port Trust(MPT) as share application money pending for allotment during the year.

7. During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs. 7.50 Lacs to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National Highways. Out of total sanctioned funds, Rs. 4.50 Lacs was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port Trust, the company has shown Rs 4.50 Lacs as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the asset is created. The balance amount of grant of Rs. 3.00 Lacs will be accounted as and when received.

8. As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses of Rs. 22.45 Lacs have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the total expenses.

9. Interest payable to NHAI on Loan (Sub-Debt) has been calculated and provided in the books of accounts @ 6.1% which is approved by NHAI taking into consideration the average FDR interest rate of Canara Bank on domestic deposit for 180 days to 269 days.

10. Interest receivable on mobilization and equipment advances to contractors has been calculated and provided in the books of accounts @ 13% which is the prime lending rate (PLR) of State Bank of India during the year.

Interest receivable of Rs. 10.64 Lacs on mobilization & equipment advances not provided/accounted for in earlier year(2009-10) has been accounted for during the year and has been shown under "Prior Period Interest on Mobilisation Advance".

11. Provision for Income Tax has been made of Rs. 2.52 Lacs on interest earned on Bank deposits (FDRs) during the year. (Previous year Rs. 0.97Lacs)

12. Claim against Company not Acknowledged as Debt of Rs. 9,54 Lacs claimed by the construction agency "Border Road Organisation" for earlier years towards their supplementary bills for construction of road from 0.00 km to 13.10 km which is contingent in nature.

13. Inter Company Balances as on 31/03/2011:

(in Lacs)

S.N	Particulars	As per MPRCL	As Per NHAI	Difference
1	Recoverable against expenses	140.76 (Dr)	127.29 (Cr)	13.47 (Dr)
2	Loan including interest accrued(Net of tax)	1,590.41 (Cr)	1,59,0.41 (Dr)	NIL

Capital Commitments towards capital expenditure outstanding as on 31st March 2011:

(in Lacs)

SN	Particulars	Total Contract Value(Rs)	Incurred up-to 31/03/2011(Rs)	Value of work to be done as on 31/03/2011(Rs)
1	Construction Contract	120.33 Lacs	7,94 Lacs	112,39 Lacs
2	Short Term Development & Maintenance Contract	4.76 Lacs	41 Lacs	4,35 Lacs
3	Supervision Consultancy	4.49 Lacs US$ 4.38 Lacs	Rs.1,98Lacs US$ 2.54 Lacs	Rs.2,51Lacs US$ 1.83 Lacs

15. The company being wholly a state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure as regards to related party relationship with other state control enterprises and transactions with such enterprises has been made.

16. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization and from Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

17. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to

amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

18. Auditor Remuneration:

	For the year 2010-2011	For the year 2009-2010
Statutory Audit Fee (excluding service tax)	0.85 Lacs	0.70 Lacs

19. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs. 4.11 Lacs which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursement etc.

20. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

21. Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants Of India has not been given.

22. Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, if any.

23. Previous period figure have been regrouped/rearranged wherever considered necessary.

24. Additional information pursuant to part IV of Schedule VI to companies Act 1956 has been attached herewith.

Notes forming part of the Financial Statement for the year ended 31st March 2010.

1. The Project from km. 0.00 to km. 13.10 was completed in the month of June 2004. The remaining project from km. 13.10 to km. 18.30(5.20 km) is yet to be taken up by the company due to non-removal of encroachment & handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site. The encroachment removal proceeding are in progress.

As per the directive of the Hon'ble High court of Bombay at Goa, PWD, Govt. of Goa has already handed over 4.02 Km. The balance 1.18 km. which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High court of Bombay at Goad td 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has submitted Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another six months. The matter is pending before the Hon'ble High Court and got adjourned from time to time.

The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless and until the balance 5.2 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A), the proposal for tolling the completed stretch cannot be taken up.

2. During the year the company has entered into three major agreements with contractors in relation to the construction of the remaining stretch, maintenance of the competed stretch and supervision of the project which are as under:

a) Contract agreement dated 23/09/2009 with M/s KMC Construction Ltd. for completion of the remaining stretch of 5.20 km. along with a Railway Over Bridge for a contract price of Rs.120,33 Lacs. The construction work was commenced on 15/10/2009 by the contractor.

b) Contract agreement dated 17/11/2009 with M/s JMC Construction Pvt. Ltd. for short term improvement and maintenance of completed stretch for a contract price of Rs. 4,76Lacs. The short term development & Maintenance work was commenced on 14/12/2009 by the contractor.

c) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineers and Consultants with Roughton for providing consultancy services for the implementation of the project for a contract price of INR 4,49 Lacs & USD 4.38 Lacs. The consultant commenced their services from November 2009.

3. Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

4. The company has shown Rs. 582.5.17 Lacs , (previous year Rs. 3,825.17 Lacs) as share application money pending allotment by crediting the amount spent/remitted by National Highways Authority of India (NHAI) & Mormugao Port Trust (MPT) on the project. Against Rs. 43,45 Lacs spent/remitted by NHAI and Rs. 14,80.18 Lacs by MPT, it is proposed that equity shares of equipment value will be allotted to National Highways Authority of India(NHAI & Mormugao Port Trust (MPT) respectively in due course of time. The share application money of MPT is inclusive of expenditure incurred by MPT on completion of first 3 km. of the road and also includes Rs. 4,55 Lacs paid to Govt. of Goa for rehabilitation purpose.

During the year the company has received amount of Rs. 19,50 Lacs towards share application money from NHAI and Rs. 50Lacs from MPT. Out of the total contribution made by NHAI during the year towards share application, contribution of Rs. 15,84 Lacs is made by way of conversion of unsecured load (Sub Debt) from NHAI into equity.

Keeping in view that only part project is completed, the collection of user fee can be considered only after completion of balance stretch, the equity shares have not been allotted till date.

5. During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs. 7,50Lacs to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National highways. Out of total sanctioned funds, Rs. 4,50 Lacs was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port trust, the company has shown Rs. 450Lacs as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the created. The balance amount of grant of Rs. 3,00 Lacs will be accounted as and when received.

6. As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses totaling to Rs. 15.89 Lacs have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing is the statement of pre-operative expenses represent the balance 25% of the total expenses.

7. The Company has made provision for income tax on its Bank interest (the interest from idle fund) for 09-10 Rs.0.97 Lacs (Previous year Rs. 0.43 Lacs). Provision for Income Tax of Rs.8.20 Lacs for the assessment year 2004-05 considered not required to carry forward, hence reversed.

8. Claim against Company not Acknowledged as Debt of Rs. 9,54Lacs claimed by the construction agency "Border Road Organization" for earlier years towards their supplementary bills for construction of road from 0.00 km. to 13.10 km. which is contingent in nature.

9. Capital Commitments towards capital expenditure outstanding as on 31st March 2010:

Construction of Balance Stretch	Rs. 120,33Lacs
Short term development & Maintenance of Completed Stretch	Rs. 4,76 Lacs
Supervision consultancy (Local)	Rs. 4,20 Lacs
(Foreign)	USD 3.95(in Lacs)

10. The company being wholly a state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure as regards to related party relationship with other state control enterprises and transactions with such enterprises has been made.

11. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization and from Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

12. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

13. No provision has been made for gratuity, leave encashment and other retirement benefit to company's employee since company does not have any employee as on date. However salary of Shri P. S. Dodamani, Project Director (on deputation), for the year 2009-10 has been paid by the company.

14. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs.1.58 Lacs which includes payment of salary, medical reimbursement, EPF contribution etc.

15. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than, the amount mentioned. Since there is no profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants of India has not been given.

16. Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, if any.

17. Previous period figure have been regrouped/rearranged wherever considered necessary.

18. Additional information pursuant to part IV of Schedule VI to companies Act 1956 has been attached herewith.

Notes forming part of the Financial Statement for the year ended 31st March 2009.

1. The company has shown Rs. 3,825.17 Lacs (previous year Rs. 3,825.17 Lacs) as share application money pending allotment by crediting the amount spent/remitted by National Highways Authority of India (NHAI) & Mormugao Port Trust (MPT) on the project during earlier years. Against Rs. 2,395 Lacs spent/remitted by NHAI and Rs. 1430.18 Lacs by MPT, it is proposed that equity shares of equivalent value will be allotted to National Highways Authority of India (NHAI) & Mormugao Port Trust (MPT) respectively in due course of time. The share application money of MPT is inclusive of expenditure incurred by MPT on completion of first 3 km. of the road and also includes Rs. 4.55 Lacs paid to Govt. of Goa for rehabilitation purpose.

   Keeping in view that only part project is completed, the collection of user fee can be considered only after completion of balance stretch after availability of clear land yet to be granted over by the concerned authorities, the equity shares have not been allotted till date.

2. During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs. 750 Lacs to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National highways. Out of total sanctioned funds, Rs. 450 Lacs was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port trust, the company has shown Rs. 4,50 Lacs as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the created. The balance amount of grant of Rs. 300 Lacs will be accounted as and when received.

3. The Project from km. 0.00 to km. 13.10 was completed in the month of June 2004. The remaining project from km. 13.10 to km. 18.30 is yet to be taken up by the company due to non-removal of encroachment & handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site. The encroachment removal proceeding are in progress.

   As per the directive of the Hon'ble High court The Company has already prepared detail project report for taking up the construction of tour lane of road to be remaining 5.2 km. The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless the balance 5.2 kms stretch is completed. As there was opposition by the local public and substitute road (i.e. NH 17A) the proposal for tolling the completed stretch cannot be taken up. After completion of the remaining stretch, the entire project will be capitalized as a single entity and will be tolled. Expenses incurred in connection with the construction of the project as on date (pre-operative expenditure) are shown as Capital Work in Progress.

4. As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the Company shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses totaling to Rs. 11.72 Lacs have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing is the statement of pre-operative expenses represent the balance 25% of the total expenses.

5. The company made provision for income tax on its Bank interest (the interest from idle fund) for 08-09 Rs.0.43 Lacs (previous year Rs.0.27Lacs).

6. Claim against company not Acknowledged as Debt of Rs. 954 Lacs claimed by the construction agency "Border Road Organization" for earlier years towards their supplementary bills for construction of road from 0.00 km. to 13.10 km. which is contingent in nature.

7. The company being wholly a state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure as regards to relate party relationship with other state control enterprises and transactions with such enterprises has been made.

8. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization and from Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

9. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

10. No provision has been made for gratuity, leave encashment and other retirement benefit to company's employee since company does not have any employee as on date. However salary of Shri P. S. Dodamani, Project Director (on deputation), has drawn from company account who is working for the company only for the period from September 2008 to March 2009.

    As the project is still in progress and the construction of the road is yet to be recommenced, the expenditure on account of salary and other emoluments of the Project Directors Mr. V.S.Kohli who was in charge of the two PIU i.e. Mormugao Port Road co. Ltd. & Mumbai-JNPT for the period from April 2008 to August 2008 and Mr. Dipesh G. Shah Jr. Account Officer for the whole year has been charged to Mumbai – JNPT Road Co. Ltd. only.

11. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs.0.78 Lacs which includes payment of salary, medical reimbursement, EPF contribution etc.

12. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than, the amount mentioned. Since there is no profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants of India has not been given.

13. Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, if any.

14. Previous period figure have been regrouped/rearranged wherever considered necessary.

15. Additional information pursuant to part IV of Schedule VI to companies Act 1956 has been attached herewith.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted)*	-	-	-	-	-
Return on net worth (%)*	-	-	-	-	-
Net asset value per equity share (Rs.)	10.77	10.77	10.77	910.00	0.78
Weighted average number of equity shares outstanding during the year / period (in crore)	5.830	5.830	1.521	0.005	0.005
Total number of share outstanding at the end of the year / period (in crore)	5.83	5.83	5.83	0.005	0.005
Debt Equity Ratio	0.38	0.37	0.20	1.04	3.21

Notes*

Since Statement of Profit And Loss has not been prepared,these ratios can not be computed.

The ratios have been computed as below:

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity shares outstanding at the end of the year.

Debt equity = Total Debt outstanding at the end of the year / Net worth at the end of the year.

MORMUGAO PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports **Annexure-VIII**

Year ending March 31, 2013

Basis for Qualified Opinion

i) Impairment of completed stretch:

The stretch from km 0.00 to 13.10 was completed in June, 2004; however no provision has been made on account of normal wear and tear of the completed stretch.

ii) Unclaimed Liabilities

Other Current liabilities includes Rs. 18,94,285/-payable to four vendors/others

These amounts are outstanding for more than 9 years. For want of documentary evidence, the possibility of payment of liability cannot be commented upon.

iii) Inter-Company Balances

Disagreement in balances in the books of account of Mormugao Port Road Co. Ltd. and National Highway Authority of India (NHAI) on account of amount recoverable from parent company (NHA19 leaving a adherence of Rs. 15,04,340/- which need be examined and adjusted suitably. Refer Revised Note No.11 to the Notes to accounts forming part of the financial statements.

iv) Capital Work in Progress

Non-Accounting of claim of Capital Work in Progress incurred initially by Mormugao Port Trust for wants of verification. Refer Revised Note No.15 to the notes to accounts forming part of the financial statements.

The overall consequential impact of our comments in Para (i) to (iv) above, on the financial statement could not be ascertained at this stage.

Emphasis of Matter

We draw attention to:

i) Delay in completion of project:

The single project being handled by the company was taken up in **1'** April, **2001.** Because of various reasons given in the note regarding the background of the company, in the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e., loss of revenue by non-collection of toll of completed stretch, cost of project may increase due to escalation in the cost of construction, additional interest cost on unsecured loan (sub-debt) etc.

ii) Non Compliance of the Provisions of Companies Act, 1956.

The company did not have a full time company secretary as required as per the provision of Section383 (A) of the Companies Act, 1956.

Our opinion is not qualified in respect of above matters.

ANNEXURE TO THE AUDITORS' REPORT

i) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clause No. (a), (b), (c) & (d) not applicable.

a) In the absence of any formal loan agreement, we are not able to offer any comment on the regularity of the payment of principal and. interest thereon. In fact no repayment of loan and payment of interest were made till date as the project is still under implementation.

ii) (a) The company has generally been regular in depositing the undisputed statutory dues including income tax, sales tax and tax deducted at source with the appropriate authorities except service tax on reverse charge mechanism.

(b) According to the information and explanations given to us and as per the records of the company, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, excise duty were in arrears as at the 31" March, 2013 for a period of more than six months from the date they became payable except service tax of Rs. 104283/· payable on reverse charge mechanism, the same has not been deposited with Central Govt.

<u>Year ending March 31, 2012</u>

Attention is invited to the following:

i) Delay in completion of project:

The single project being handled by the company was taken up in 1st April, 2001. Because of various reasons given in the note regarding the background of the company, in the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e., loss of revenue by non-collection of toll of completed stretch, cost of project may increase due to escalation in the cost of construction, additional interest cost on unsecured loan (sub-debt) etc.

ii) <u>Impairment of completed stretch:</u>

The stretch from km 0.00 to 13.10 was completed in June, 2004; however no provision has been made on account of normal wear and tear of the completed stretch.

iii) <u>Excess Recovery of Mobilization Advance</u>

Other long term liabilities included Rs. 1,82,793/- payable to a road construction agency towards excess recovery made in earlier years. This amount is outstanding for more than 8 years. For want of documentary evidence, the possibility of payment of liability cannot be commented upon.

iv) <u>Inter-Company Balances</u>

Disagreement in balances in the books of account of Mormugao Port Road Co. Ltd. And National Highway Authority of India (NHAI) on account of amount recoverable from parent company (NHAI) leaving a difference of Rs. 1,322,972/- which need be examined and adjusted suitably. Refer **Revised Note No. 11** to the Notes to accounts forming part of the financaial statements.

v) <u>Non Compiance of the Provisions of Companies Act, 1956.</u>

<u>Non compliance of the provisions of Section – 383 (A)</u>

The company did not have a full time company secretary as required as per the provision of Section 383 (A) of the Companies Act, 1956.

The overall consequential impact of our comments in Para (i) to (v) above, on the financial statement could not be ascertained at this stage.

(i) No fixed asset register has been maintained by the company with regard to the full particulars including quantitative details and situation of the fixed assets

The company is still under implementation stage and does not hold any significant fixed assed except the completed part of port connectivity road and therefore, in our opinion, clause nos. (b) and (c) are not applicable and hence are not being commented on.

(ii) In the absence of any formal loan agreement, we are not able to offer any comment on the regularity of the payment of principal and interest thereon. In fact no repayment of loan and payment of interest were made till date as the project is still under implementation.

Year ending March 31, 2011

Attention is invited to the followings:

i). Delay in completion of project:

The company is engaged in the construction & development of the Four laning National Highway No.l7B from Verna Junction to Sada Junction near Mormugao Port Trust a total stretch of km 0.00 to km 18.30.

Out of the total stretch, part of stretch from km 0.00 to km 13.10 was completed in June 2004.The remaining stretch from km 13.10 to km to 18.30 (5.20 km) is yet to be taken up by the company due to non availability and handing over of clear land from the State Govt. of Goa.

Due to non availability of clear land management had decided to divide the project into two part i.e Part A & Part B.

Part A- the completed stretch from Verna Junction to Verna Puri Junction (0.00 Km to 13.10 Km) and Part B the incomplete stretch from Verna Puri Juction to Sada Junction(l3.10 Km to 18.30Km).Further Part B is sub- divided into four phases.Phase-1 (13.10 Km to 14.00km),Phase-1I(14.00 Km to I5.00 KmO, Phase-III(15.00 Km to 17.00 Km), Phase-IV (17.00 Km to 18.30Km).

There were number structures required to be shifted/removed for getting the clear land on various stretches of Part B of the project.

A written petition was filed in the High Court of Bombay at Goa, by Mormugao Port Users Association and Others as applicants and Union of India through its secretary and others as Respondents.

In response to the writ petition, The Hon'ble High Court of Bombay at Goa,in its order dated 16'11 April 2007 given the direction to the State Govt. of Goa for the removal of the encroachments and the relocation of public utilities and handing over the balance stretch from km. 13.10 to km 18.30 to National Highway of India within a period of 12 months from the date of the order.

Further as per the Order dated 28/11/2007, the Hon 'ble High Court directed the State Govt. to hand over the land after completing all formalities within a period of four months from 15/04/2008 by removing all the encroachments and relocating public utilities.

However the State Govt. of Goa was unable to handover the clear land to National Highway Authority of India of the remaining stretch from km
13.10 to km 18.30.There were some structures still required to be removed/shifted from the remaining stretch

Further the Hon 'ble High Court of Bombay at Goa vide its Order dated 21.08.2008 granted an extension of time to the State Govt. of Goa to hand over the clear land by 30.09.2009.

As per the directives of the Hon'ble High Court of Bombay at Goa, the State Govt has handed over 4.02 Km out of the balance stretch of 5.20Km. However the remaining 1.18 Km is yet to be handed over by the State Govt. The State Govt. has submitted Miscellaneous Application before the Hon'ble high Court of Bombay at Goa on 23/09/2009 for the modification of the earlier orders of Hon 'ble High Court dated 16/04/2007 and 28/11/2007 and for extension of time for another six months. The application is pending before the Hon'ble High court and the hearing on the matter is got adjourned from time to time.

Due to non availability of clear land from the State Govt. the balance stretch from 13.10 Km to 18.30 Km could not be completed since June 2004.

Meanwhile the company has entered into three major agreements during the year 2009-10 for the construction of balance stretch, short term development and maintenance of completed stretch and supervision of the project, which are as under:

i) With M/s KMC Constructions Ltd for the construction of the incomplete stretch from Km 13.10 to Km 18.13 along with Flyover cum railway Over bridge(ROB) for a contract price of Rs.l20.33 Cr

ii) M/s JMC Construction Pvt. Ltd. for short term development & maintenance of Completed Stretch for a contract price of Rs. 4.76 Cr and

iii) With M/s Aarvee Asociates Architects Engineers and Consultants Private Ltd. for the supervision of the above project for a contract price of Rs. 4.49 Cr & USD 437600.

However we observed that the progress on the part of the construction and maintenance contractors are not encouraging. The contractor's rate of progress is very slow to comply with the time for completion as stated in the Contract. There is significant variation between scheduled targets and actual achievement by the contractors.

The delay in the completion of the project can have multiple adverse effect on the financial health of the company i;e loss of revenue by non- collection of toll of completed stretch, cost of project may be increased due to escalation in the cost of construction, additional interest cost on unsecured loan(sub-debt) etc.

ii).Risk of Uncertainty about tlte completion of the project:

In view of non-availability of clear land fi·om the State Government of the balance stretch completely since 2004 and the matter is already in the apex court, the risk of uncertainty always exits or associates with the completion of the entire project.

iii) Non-Capitalisation of Expenditure:
As a part of the project is completed, the entire revenue expenditure incurred in this project including the interest on unsecured loan from National Highway Authority of India has been treated as pre-operative expenditure and shown as part of Capital Work in Progress pending for capitalization after the completion of the entire project.

v) Impairment of completed stretch:
As already stated, the stretch from km 0.00 to 13.10 was completed in June 2004, however no provision has been made on account of normal wear and tear of the completed stretch. Consequential effect of the same on the financial statement could not be ascertained.

v) Non-Collection of Revenue:
Due to non completion of the full stretch of port connectivity road, the company is unable to generate the revenue on account of tolling of completed stretch from km 0.00 to km 13.10., though the completed stretch has already been opened to the general public for use. There is risk of viability of the project on account of non tolling of the completed stretch from O.O Km to 13.10 Km.

vi).Grant from Ministry of Commerce:-
Capital grant of Rs. 4.5 crores, received by one of its promoters “Mormugao Port Trust**”** in the year 1988 from Ministry of Commerce under critical infrastructure balance scheme has been shown under the head Reserves & surplus. All the expenditure incurred up to now out of the Grant has been shown under the head “Capital Work in Progress”. The Grant shall be accounted for as per Accounting Standard – 12 after completion of the entire project.

vii).Contingent Liability
Claim of Rs.9.54 crores by the construction agency "M/s Border Road Organisation"for earlier years towards their supplementary bills for construction of road from km 0.00 to km 13.10 has been shown as "Claim against the Company not acknowledged as debt"

viii) Excess Recovery of Mobilization Advance
Uncertainty regarding the payability of Rs.1,82,793.00 towards excess recovery against mobilization advances from the road construction agency "M/s Border Road Organization" in earlier years shown as current liability under the head "Mobilization Advance(BRO) ".

ix) Maintenance Expenses of Completed Stretch
The maintenance work expenses of Rs.41.71 Lacs for the completed stretch have been directly debited in Capital Work In Progress instead of debiting in Pre-operative Expenses. Hence the pre-operative expenditure for the year stands under stated by Rs.41.71Lacs.

x) Non Availability of Utilization Certificates
The company has not found obtained the utilization certificate of Rs. 50.00 Lacs and Rs. 455.00 Lacs (Total Rs.5.05 Cr against Deposit Work) from Electricity Department and from the State Govt. of Goa respectively which were given by the company for utility shifting and resettlement and rehabilitation purpose to the concerned departments.

xi) Inter-Company Balances

Disagreement in balances in the books of account of Mormugao Port Road Co. Ltd and National Highway Authority of India(NHAI) on account of amount recoverable from parent company NHAI leaving a difference of Rs.13,47,1441- which need be examined and adjusted suitably.

xii).Non Compliance of the Provisions of the Companies Act, 1956:-

a).Non compliance of the provisions of Section 383A:-

As per the provisions of Sec. 383A (1) "every company having paid up capital of Rs. 2.00 Cr. And above shall have a whole time secretary"

As the paid up capital of the company exceeds the above limit which requires the company to have a whole time secretary. However the company does comply with the provisions of section 383A of the Companies Act. The company has no whole time secretary.

Non compliance with provisions of sub section (1) of Section 383A, the company and every officer of the company who is in default, shall be punishable with fine which may extend to five hundred rupees for every day during which the default continues.

b).Non filing / delay in filing of Statutory Forms:-

As per provisions of the Companies Act 1956, the company shall require to file electronically Form 32 with ROC within 30 days from the date of the events.

However, we observed that in some cases Form 32 has not been filed yet and in other cases the Form 32 has been filed after the statutory time limit.

The overall consequential impact of above comments on the financial statements could not be ascertained.

<u>**Annexure to the Auditor's report**</u>

1. No fixed asset register has been maintained by the company with regard to the full particulars including quantitative details and situation of the fixed assets.

   The company is still under project implementation stage and does not hold any significant fixed asset except the completed part of port connectivity road and therefore, in our opinion, clause nos. (b) & (c) are not applicable and hence are not being commented on

<u>**Year ending March 31, 2010**</u>

Attention is invited to the followings:

i) Delay in completion of project:

The company is engaged in the construction & development of the four Ianing National Highway No.J7B from Verna Junction to Sada Junction near Mormugao Port Trust a total stretch of km 0.00 to km 18.30.

Out of the total stretch, part of stretch from km 0.00 to km 13.10 was completed in June 2004.The remaining stretch from km 13.10 to km 18.30(5.20 km) is yet to be taken up by the company due to non-availability and handing over of clear land from the State Govt. of Goa.

Due to non availability of clear land management had decided to divide the project into two part i;e Part A & Part B.

Part A- the completed stretch from Verna Junction to Verna Puri Junction (0.00 Km to 13.10 Km) and Part B the incomplete stretch from Verna Puri Juction to Sada Junction(l3.10 Km to 18.30Km).Further Part B is sub- divided into four phases.Phase-I (13.10 Km to 14.00km), Phase-II (l4.00 Km to 15.00 Kms, Phase-III (15.00 Km to 17.00 Km), Phase-IV (17.00 Km to 18.30 Km).

There were number structures required to be shifted/removed for getting the clear land on various stretches of Part B of the project.

A writ petition was filed in the High Court of Bombay at Goa, by Mormugao Port Users Association and Others as applicants and Union of India through its secretary and others as Respondents.

In response to the writ petition, The Hon'ble High Court of Bombay at Goa,in its order dated 16 April 2007 given the direction to the StateGovt. of Goa for the removal of the encroachments and the relocation of public utilities and handing over the balance stretch from km. 13.10 to km 18.30 to National Highway of India within a period of 12 months from the date of the order.

Further as per the Order dated 28/11/2007, the Hon'ble High Court directed the State Govt. to hand over the land afier completing all formalities within a period of four months from 15/04/2008 by removing all the encroachments and relocating public utilities.

However the State Govt. of Goa was unable to handover the clear land to National Highway Authority of India of the remaining stretch from km 13.10 to km 18.30.There were some structures still required to be removed/shifted from the remaining stretch.

Further the Hon'ble High Court of Bombay at Goa vide its Order dated 21.08.2008 granted an extension of time to the State Govt. of Goa to hand over the clear land by 30.09.2009.

As per the directives of the Hon'ble High Court of Bombay at Goa, the State Govt has handed over 4.02 Km out of the balance stretch of 5.20 Km. However the remaining 1.18 Km is yet to be handed over by the State Govt. The State Govt. has submitted Miscellaneous Application before the Hon 'ble high Court of Bombay at Goa on 23/09/2009 for the modification of the earlier orders of Hon 'ble High Court dated 16/04/2007 and 28/11/2007 and for extension of time for another six months. The application is pending before the Hon 'ble High court and the hearing on the matter is got adjourned from time to time.

Due to non availability of clear land from the State Govt. the balance stretch from 13.10 Km to 18.30 Km could not be completed since June 2004.

Meanwhile the company has entered into three major agreements during the year with M/s KMC Constructions Ltd for the construction of the incomplete stretch, M/s JMC Construction Pvt. Ltd. for short term development & maintenance of Completed Stretch· and M!s Aarvee Asociates Architects Engineers and Consultants Private Ltd. for the supervision of the Project.

However we observed that the progress on the part of the contractors are not encouraging and also lacking a lot in terms of mobilization of plant & machinery and man power as per the terms of the contract agreements.

The delay in the completion of the project can have multiple adverse effect on the financial health of the company i.e loss of revenue by non- collection of toll of completed stretch, cost of project may be increased due to escalation in the cost of construction, additional interest cost on unsecured loan(sub-debt) etc.

ii) Non-Capitalisation of Expenditure:
As a part of the project is completed, the entire revenue expenditure incurred in this project including the interest on unsecured loan from National Highway Authority of India has been treated as pre-operative expenditure and shown as part of Capital Work in Progress pending for capitalization afier the completion of the entire project.

iii) Impairment of completed stretch:
As already stated, the stretch from km 0.00 to 13.10 was completed in June 2004, however no provision has been made on account of normal wear and tear of the completed stretch.

Consequential effect of the same on the financial statement could not be ascertained.

iv) Non-Collection of Revenue:
Due to non completion of the full stretch of port connectivity road, the company is unable to generate ·the revenue on account of lolling of completed stretch from km 0.00 to km 13.10., though the completed stretch has already been opened to the general public for use. There is risk of viability of the project on account of non tolling of the completed stretch from 0.0 Km to 13.10 Km.

v) Non Charging of interest on Mobilization Advance to Contractors:
As per General Conditions of Contract Agreements, the employer will make an interest (PLR of Nationalized Bank) bearing advance payment to the contractors exclusively for the cost of the mobilization.

However no interest has been charged on mobilization advance of Rs.6,01,62,661/- and Rs. 43,95,000/- given during the year to M/s KMC Construction Ltd. and M/s Aarvee Associates Architects Engineers & Consultants Private Ltd respectively.

vi) Share Application Money:-

During the year, the company has received additional share application money of Rs. 1950 Lacs & Rs. 50 Lacs from National Highway Authority of India (NHAI) and Mormugao Port Trust (MPT) respectively.
Out of the total contribution made by the NHAI during the year towards share application money, contribution of Rs. 1584 Lacs is made by way of conversion (Partly) of existing unsecured loan (sub debt) of NHAI into equity.
However, the authorized share capital of the company stands at Rs. 4500 Lacs which is not sufficient to absorb the total share application money received as on 31st March, 2010 i.e. Rs. 5825 Lacs.
Further, the share application money received earlier of Rs. 38.25 crores received from the two promoters i.e. National Highway Authority of India (NHAI) and Mormugao Port Trust (MPT) is still pending for allotment of equivalent value of equity shares since long.

vii)Grant from Ministry of Commerce:-
Capital grant of Rs. 4.5 crores, received by one of its promoters "Mormugao Port Trust" in the year 1988 from Ministry of Commerce under critical infrastructure balance scheme has been shown under the head Reserves & surplus. All the expenditure incurred up to now out of the Grant has been shown under the head "Capital Work in Progress". The Grant shall be accounted for as per Accounting Standard – 12 after completion of the entire project.

viii)Contingent Liability:-

Claim of Rs. 9.54 Crores by the construction agency " M/s Border Road Organization" for earlier years towards their supplementary bills for construction of road from km 0.00 to km 13.10 has been shown as " Claim against the Company not acknowledged as debt".

Annexure to the Auditor's report

No fixed asset register has been maintained by the company with regard to the full particulars including quantitative details and situation of the fixed assets.

The company is still under project implementation stage and does not hold any significant fixed asset except the completed part of port connectivity road and therefore, in our opinion, clause nos. (b) & (c) are not applicable and hence are not being commented on.

<u>Year ending March 31, 2009</u>

1. Delay in completion of project:-

The company has been engaged in the construction & development of the four laning National Highway No. 17B from Verma Junction to Sada Junction near Mormugao Port Trust a total stretch of km 0.00 to km 18.30.

Out of the total stretch, part of stretch from 0.00 km to km 13.10 was completed in June 2004. The remaining stretch from km 13.10 to km 18.30 is yet to taken up by the company due to non availability and handing over of clear land from the State Govt. of Goa.

Due to non availability of clear land from the State Govt. of Goa, a the writ petition was filed in the High Court of Bombay at Goa, by Mormugao Port Users Association and Others as petitioners and Union of India through its secretary and others as Respondents.

In response to the writ petition, the Hon'ble High Court of Bombay at Goa, in its order dated 14^{th} April 2007 given the direction to State Govt. of Goa for the removal of the encroachments and the relocation of public utilities & handing over the balance stretch from km 13.10 to km 18.30 to National Highway of India within a period of 12 months from the date of order (by 15^{th} April 2008).

However the State Govt. of Goa was unable to handover the clear land to National Highway Authority of India for the remaining stretch from km 13.10 to km 18.30. There is some structures still required to be removed / shifted from the remaining stretch.

Further the Hon'ble High Court of Bombay at Goa in its judgment & order dated 21.08.2008 granted an extension of time to the State Govt. of Goa to hand over the clear land by 30.09.2009.

In the view of the above reasons, the remaining stretch from km 13.10 to km 18.30 could not be completed and also there is risk of uncertainty about recommencement and completion of the remaining stretch.

2. Non Capitalization of Expenditure:-

As a part of the project is completed, the entire revenue expenditure incurred in the project including the interest on unsecured loan from National Highway Authority of India has been treated as pre operative expenditure and shown as part of Capital Work in Progress pending for capitalization after the completion the project.

3. Impairment of completed stretch:-

As already stated, the stretch from km 0.00 to 13.10 was completed in June 2004; however no provision has been made on account of normal wear & tear of the completed stretch. The financial impact of the same on the accounts could not be ascertained.

4. Non Collection of Revenue:-

Due to non completion of the full stretch of port connectivity road, the company is unable to generate the revenue on account of totaling of completed stretch from km 0.00 to km 13.10, though the completed stretch has already been opened to general public for use**.**

5. Share Application Money:-

The share application money of Rs. 38.25 crores received from the two promoters i.e. National Highway Authority of India (NHAI) and Mormugao Port Trust (MPT) is still pending for allotment of equivalent value of equity shares since long.

6. Grant from Ministry of Commerce:-

Capital grant of Rs. 4.5 crores, received by one of its promoters "Mormugao Port Trust**"** in the year 1988 from Ministry of Commerce under critical infrastructure balance scheme has been shown under the head Reserves & surplus. All the expenditure incurred up to now out of the Grant has been shown under the head "Capital Work in Progress". The Grant shall be accounted for as per Accounting Standard – 12 after completion of the entire project.

7. Contingent Liability:-

Claim of Rs. 9.54 Crores by the construction agency " M/s Border Road Organization" for earlier years towards their supplementary bills for construction of road from km 0.00 to km 13.10 has been shown as " Claim against the Company not acknowledged as debt".

8. Uncertainty regarding the pay ability of Rs. 1, 82,793.00 towards excess recovery of mobilization advances from the road construction agency "M/s Border Road Organization" shown as current liability under the head "Mobilization Advance".

9. The maintenance expenses of Rs. 2.44 Lacs & supervision consultancy maintenance work expenses of Rs. 7.73 Lacs for the completed stretch has been directly debited in Capital Work in Progress instead of debiting in Pre Operative Expenses. Hence the pre operative expenditure for the year stand under stated by Rs. 10.17 Lacs.

10. The company has not found obtained the utilization certificate of Rs. 50.00 Lacs and Rs. 455.00 Lacs from Electricity Department and from the State Govt. of Goa respectively which were given by the company for utility shifting and resettlement and rehabilitation purpose to the concerned departments.

11. There is disagreement of balances in the books of account of Mormugao Port Co. Ltd. and National Highway Authority of India (NHAI) on account of amount recoverable from parent company NHAI leaving the difference of Rs. 26,12,988/= which needs to be examined and adjusted suitably.

12. No written representations have been received by the company from the directors. However, based on the representations received from the company, we report that none of the directors is prima facie disqualified as on 31st march 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Annexure to the Auditor' report

1. No fixed asset register has been maintained by the company with regard to the full particulars including quantitative details and situation of the fixed assets.

   The company is still under project implementation stage and does not hold any significant fixed asset except the completed part of port connectivity road and therefore, in our opinion, clause nos. (b) & (c) are not applicable and hence are not being commented on.

2. The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence clause no. (a), (b), (c) & (d) are offering no comments thereon.

   (a) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except the interest bearing unsecured loan (sub debt) taken from one of its promoter (NHAI). The year end balance stood at Rs. 16.85 crores including interest accrued & due thereon.

   (b) Acc. to the information and explanations given to us, the rate of interest has been calculated on basis of average rate of interest on bank deposits and prime facie is not prejudicial to the interest of the company.

   (c) We are not able to offer any comment about the regularity of the payment of principal and the interest in the absence of any loan agreement. In fact, no repayment of loan and payment of interest were made till date as the project is still under implementation.

3. The company has not accepted any deposits from public covered under the provisions of Sec 58A and 58AA of the Companies Act 1956 and therefore, rules made there under for deposits accepted from public are not applicable. The company had however, received sum of Rs. 38.25 crore towards share application money from two its promoters.

4. (a) The company has generally been regular in depositing the undisputed statutory dues including provident fund and tax deducted at source with appropriate authorities and there are no arrears of outstanding statutory dues for a period of more than six months **except** income tax and fringe benefit tax, which has been deposited only at year end.

   (b) According to the information and explanations given to us & as per the records of the company, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, excise duty were in arrears as at the 31st March 2008, for a period of more than six months from the date they became payable **except** for income tax liability of Rs. 8,20,783/- for A.Y. 2004-05 for which the necessary provision has already been made in books of accounts.

5. As the company has not yet commenced its commercial activity, there are no accumulated losses at the end of the current financial year and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. The whole expenses incurred till date is recognized as pre – operating expenditure and shown under Capital work in Progress.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF NEW MANGALORE PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **New Mangalore Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	S.P. Marwaha & Co.
2011-12	A.K. Batra & Associates
2010-11	A.K. Batra & Associates
2009-10	A.K. Batra & Associates
2008-09	A.K. Batra & Associates

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material

regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section

10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

NEW MANGALORE PORT ROAD COMPANY LTD.

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I

(Rs. in Lacs)

Sl no	PARTICULARS	Note No	As at 31st March,2013	As at 31st March,2012	As at 31st March,2011	As at 31st March,2010	As at 31st March,2009
I.	EQUITY AND LIABILITIES						
1.	SHAREHOLDER'S FUND						
	(a) Share Capital	2.1	7,860.00	7,860.00	7,860.00	2,005.00	2,005.00
	(b)Reserves & Surplus		(73.61)	-	-	-	-
	(c) Share Application Money	2.2	-	-	-	4,995.00	4,995.00
2.	NON CURRENT LIABILITIES						
	(a) Long Term Borrowings	2.3	16,539.76	14,486.35	12,799.21	9,204.24	3,856.39
3.	CURRENT LIABILITIES						
	(a) Trade Payables	2.4	-	771.21	959.09	1,483.22	1,470.50
	(b) Other Current Liabilities	2.5	4,112.22	2,182.66	285.83	1,094.30	1,143.70
	(c) Short Term Provisions	2.6	-	-	0.02	0.15	0.13
	Total		**28,438.38**	**25,300.22**	**21,904.15**	**18,781.90**	**13,470.72**
II.	ASSETS						
1.	NON CURRENT ASSETS						
	(a) Fixed Assets						
	(i) Tangible Assets	2.7	4.32	4.91	5.51	5.51	6.70
	(ii) Capital Work in Progress	2.8	27,299.30	24,129.61	20,023.40	16,031.68	10,588.44
	(b) Loans & Advances	2.9	1.23	0.53	0.53	0.53	0.13
2.	CURRENT ASSETS						
	(a) Cash and Cash Equivalents	2.10	9.32	16.69	439.59	451.28	872.04
	(b) Short Term Loans & Advances	2.11	1,118.08	1,084.13	1,376.76	2,240.21	1,949.33
	(c) Other Current Assets	2.12	6.13	6.18	6.04	6.07	7.44
	(d) Miscellaneous Expenditure	2.13	-	58.18	52.32	46.63	46.63
	Total		**28,438.38**	**25,300.22**	**21,904.15**	**18,781.90**	**13,470.72**

NEW MANGALORE PORT ROAD COMPANY LTD.
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31,2013

Annexure-II-A
(Rs. in Lacs)

S.no.	PARTICULARS	NOTES	For The Period Ended 31st March,2013
1	**REVENUE**		
	Revenue from Operations		-
	Other Income		-
	TOTAL REVENUE		-
2	**EXPENDITURE**		
	Employees' Benefit Expenses		-
	Finance Costs		-
	Depreciation and Amortisation Expenses		-
	Other Expenses	**2.15**	2.99
	TOTAL EXPENDITURE		**2.99**
	Profit / (Loss) before Prior period items,extraordinary items and tax		(2.99)
	Prior Period Items		69.48
	Profit / (Loss) before extraordinary items and tax		-
	Extraordinary items		-
	Profit / (Loss) before tax		**(72.48)**
	Tax expense:		
	(a) Current tax expense for current year		1.13
	(c) Current tax expense relating to prior years		-
	(d) Net current tax expense		-
	Total; Tax Expenses		1.13
	PROFIT/LOSS FOR THE YEAR		**(73.61)**
	EARNINGS PER EQUITY SHARE		
	Equity Shares of par value Rs.10/- each		
	Basic		**(0.09)**
	Diluted		**(0.09)**

NEW MANGALORE PORT ROAD COMPANY LTD.
REFORMATTED STATEMENT OF PRE-OPERATIVE EXPENDITURE

Annexure-II -B
(Rs. in Lacs)

Particulars	Note No.	For The Year Ending 31st March 2013	For The Year Ending 31st March 2012	For The Year Ending 31st March 2011	For The Year Ending 31st March 2010	For The Year Ending 31st March 2009
Income						
Revenue from Operations		-	-	-	-	-
Other Income	**2.14**	6.66	14.79	3.94	8.88	49.04
(A)		**6.66**	**14.79**	**3.94**	**8.88**	**49.04**
Expenses						
(a) Pre-operative Expenses	**2.16**	34.43	37.47	17.45	23.33	16.87
(B)		**34.43**	**37.47**	**17.45**	**23.33**	**16.87**
Profit/(Loss) before Tax C= (A-B)		(27.78)	(22.68)	(13.51)	(14.46)	32.17
Provision For Current Year						
-Income Tax		-	4.34	1.07	2.90	16.49
-Fringe Benefit Tax		-	-	-	-	0.13
-Prior Period Item		-	0.01	-	-	-
-Income Tax for Earlier Year		-	0.00	(0.13)	(2.78)	0.60
(D)		**-**	**4.35**	**0.94**	**0.12**	**17.21**
Profit/(Loss) for the period E=(C-D)		(27.78)	(27.03)	(14.45)	(14.58)	14.95
		(27.78)	**(27.03)**	**(14.45)**	**(14.58)**	**14.95**
Unallocated pre operating expenditure up		328.73	355.76	(341.31)	(326.73)	(341.69)
to previous financial year						
Less Prior period Items		(11.31)				
Appropriation						
Balance carried to Capital WIP		300.58	(27.03)	(14.45)	(14.58)	14.95
		284.11	**328.73**	**(355.76)**	**(341.31)**	**(326.73)**

NEW MANGALORE PORT ROAD CO. LTD.
REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. in Lacs)

Particulars	For the year ending 31 March, 2013	For the year ending 31 March, 2012	For the year ending 31 March, 2011	For the year ending 31 March, 2010	For the year ending 31 March, 2009
A. Cash flow from operating activities					
Net Profit / (Loss) before extraordinary items and tax	(2.99)	-	-	-	-
Adjustments for:					
Prior Period Adjustment	(11.31)	-	-	-	-
Operating Profit/(loss) before working capital changes	**(14.30)**	**-**	**-**	**-**	**-**
Short-term loans and advances	(33.96)	-	-	-	-
Other current assets	0.05	-	-	-	-
Trade payables	(771.21)	-	-	-	-
Other current liabilities and provisions	1,928.43	-	-	-	-
Net cash flow from / (used in) operating activities (A)	**1,109.01**	**-**	**-**	**-**	**-**
B. Cash flow from investing activities					
Capital expenditure on fixed assets, including capital advances	0.60	0.59	0.00	1.20	1.39
(Increase)/Decrease in capital work in progress-	(3,169.70)	(4,106.21)	(3,991.72)	(5,443.23)	(6,206.62)
(Increase)/ Decrease in short term Loans and advance	-	292.63	863.45	(290.88)	(319.05)
(Increase)/ Decrease in long term Loans and advance	(0.70)	-	-	(0.40)	-
(Increase)/Decrease in other current assets	-	(0.14)	0.03	1.37	(0.46)
Increase/(decrease) in trade payables	-	(187.88)	(524.13)	12.72	38.72
Increase/(Decrease) in liabilities and provisions	-	1,896.81	(808.59)	(49.38)	1,005.29
Net cash flow from / (used in) investing activities (B)	**(3,169.80)**	**(2,104.18)**	**(4,460.97)**	**(5,768.61)**	**(5,480.74)**
C. Cash flow from financing activities					
Proceeds from long-term borrowings	2,053.42	1,687.14	3,594.97	5,347.84	3,856.39
Repayment of other short-term borrowings	-	-	860.00	-	1,201.00
Increase in Misc. Expenditure	-	(5.86)	(5.69)	-	-
Net cash flow from / (used in) financing activities (C)	**2,053.42**	**1,681.28**	**4,449.28**	**5,347.84**	**5,057.39**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**(7.38)**	**(422.90)**	**(11.69)**	**(420.76)**	**(423.34)**
Cash and cash equivalents at the beginning of the year	16.69	439.59	451.28	872.04	1,295.38
Cash and cash equivalents at the end of the year	**9.32**	**16.69**	**439.59**	**451.28**	**872.04**

NEW MANGALORE PORT ROAD COMPANY LTD.
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

(Figures in Lacs)
Annexure-IV

PARTICULARS	As At 31.03.2013	As At 31.03.2012	As At 31.03.2011	As At 31.03.2010	As At 31.03.2009
Note '2.1'					
SHARE CAPITAL					
Authtorised Share Capital	7,860.00	7,860.00	7,860.00	7,000.00	7,000.00
	7,860.00	**7,860.00**	**7,860.00**	**7,000.00**	**7,000.00**
Issued, Subscribed and Paid up	7,860.00	7,860.00	7,860.00	2,005.00	2,005.00
	7,860.00	**7,860.00**	**7,860.00**	**2,005.00**	**2,005.00**

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	786.00	7,860.00	786.00	7,860.00
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**786.00**	**7,860.00**	**786.00**	**7,860.00**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	200.50	2,005.00	200.50	2,005.00	200.50	2,005.00
Fresh issue of shares during the year	585.50	5,855.00	-	-	-	-
Outstanding at the end of the year	**786.00**	**7,860.00**	**200.50**	**2,005.00**	**200.50**	**2,005.00**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	589.50	75%	589.50	75%
New Mangalore Port Trust	196.50	25%	196.50	25%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	589.50	75%	200.00	99.75%	200.00	99.75%
New Mangalore Port Trust	196.50	25%				

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2009
Note '2.2'					
SHARE APPLICATION MONEY					
National Highways Authority of India	-	1,831.00	-	3,890.00	3,890.00
NMPT	-	-	-	1,965.00	1,965.00
	-	**1,831.00**	**-**	**5,855.00**	**5,855.00**
Note '2.3'					
LONG TERM BORROWINGS					
UNSECURED LOANS					
National Highways Authority of India	16,539.76	14,486.35	12,799.21	9,204.24	3,856.39
	16,539.76	**14,486.35**	**12,799.21**	**9,204.24**	**3,856.39**
Note '2.4'					
TRADE PAYABLES					
Trade Payables	-	771.21	959.09	1,483.22	1,470.50
	-	**771.21**	**959.09**	**1,483.22**	**1,470.50**
Note '2.5'					
OTHER LIABILITIES					
Share application money to be refunded	2,945.00	1,831.00	-	860.00	860.00
Expense Payable	12.61	10.59	7.92	6.52	3.17
Statutory Dues Payable	365.89	164.50	101.44	51.31	64.09
Other Payable	781.44	169.29	169.20	169.20	209.17
Advance deposit taken against work	7.28	7.28	7.28	7.28	7.28
	4,112.22	**2,182.66**	**285.83**	**1,094.30**	**1,143.70**
Note '2.6'					
SHORT TERM PROVISIONS					
Income Tax	-	-	0.02	0.15	-
Provision for FBT	-	-	-	-	0.13
	-	**-**	**0.02**	**0.15**	**0.13**

NOTE - '2.7'

Annexure-IV

-

SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

PARTICULARS		NET BLOCK			
	AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2009
TANGIBLE ASSETS					
FURNITURE & FIXTURE	1.09	0.75	0.64	0.49	0.24
COMPUTER & EDP EQUIPMENTS	1.99	2.82	4.38	4.48	5.89
AIR CONDITIONER	0.29	0.33	0.36	0.39	0.42
OFFICE EQUIPMENTS	0.95	1.02	0.13	0.15	0.16
TOTAL (RS.)	**4.32**	**5.91**	**6.51**	**5.51**	**6.70**
PREVIOUS YEAR (RS.)	4.91	5.51	5.51	6.70	8.09

Note '2.8'
CAPITAL WORK IN PROGRESS

- Capital Work in Progress at Site	23,041.17	21,431.73	19,227.16	16,091.69	10,775.47
- Un-allocated Pre-Operative Expenditure	(284.11)	(300.58)	(327.61)	(342.06)	(356.64)
- Interest On Loan (NHAI)	4,542.25	2,998.45	1,123.85	282.05	169.61
	27,299.30	**24,129.61**	**20,023.40**	**16,031.68**	**10,588.44**

Note '2.9'
LONG TERM LOANS & ADVANCES

Security Deposits	1.23	0.53	0.53	0.53	0.13
	1.23	**0.53**	**0.53**	**0.53**	**0.13**

Note '2.10'
CASH AND CASH EQUIVALENTS

Cash Balance on hand					
(As certified by the Directors of the Company)	0.05	0.02	0.04	0.04	0.03
Balance with Scheduled Banks	-	-	-	-	-
in Current Account with Canara Bank(H.O.)	2.25	4.97	6.82	1.65	7.02
in Current Account with Canara Bank(Site Office)	7.01	11.70	432.74	39.58	-
Fixed Deposit with Bank	-	-	-	410.00	865.00
	9.32	**16.69**	**439.59**	**451.28**	**872.04**

Note '2.11'
SHORT TERM LOANS & ADVANCES

Ircon International Limited(Material Advance)	0.90	17.17	29.81	92.50	63.50
Advance Income Tax & TDS	0.93	0.00	-	-	1.37
Other Advances Recoverable - NHAI	1,114.63	1,064.44	1,108.90	1,960.15	1,846.90
Other Advances Recoverable - NHAI RO	-	-	0.09	-	-
Other Advances (Mr. Jagmohan Malhotra)	-	2.52	0.62	-	-
Other Advances	1.62	-	-	-	-
IRCON-Recoverable	-	-	-	0.43	-
Advance Against Deposit Work	-	-	-	-	-
- Manglore City Corporation	-	-	62.07	12.07	34.99
- Special Land Acquisition Officer	-	-	0.21	-	2.57
- Mangalore Electricity Supply Co. Ltd.	-	-	175.06	175.06	-
	1,118.08	**1,084.13**	**1,376.76**	**2,240.21**	**1,949.33**

Note '2.12'
OTHER CURRENT ASSETS

Income Tax Recoverable	5.72	5.72	5.72	5.72	3.14
FBT Recoverable	0.10	0.11	0.11	0.11	0.13
Interest accrued but not due on above	-	-	-	0.03	4.02
Prepaid Insurance	0.31	0.34	0.21	0.20	0.15
	6.13	**6.18**	**6.04**	**6.07**	**7.44**

Note '2.13'
MISCELLANEOUS EXPENDITURE

Preliminary Expenses	-	58.18	52.32	46.63	46.63
	-	-	-	-	-
	-	**58.18**	**52.32**	**46.63**	**46.63**

NEW MANGALORE PORT ROAD COMPANY LTD.

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED PREOPERATIVE EXPENSES & STATEMENT OF PROFIT AND LOSS

Annexure-V

Particulars	For The Year Ending 31.03.2013	For The Year Ending 31.03.2012	For The Year Ending 31.03.2011	For The Year Ending 31.03.2010	For The Year Ending 31.03.2009
Note '2.14'					
OTHER INCOME					
Interest Received from Banks	6.65	14.03	3.44	8.85	48.51
Misc Receipts	-	0.77	0.50	0.00	0.53
Interest Received from Income Tax	-	-	-	0.02	-
Receipts from RTI	0.00	-	-	-	-
	6.66	**14.79**	**3.94**	**8.88**	**49.04**
Note '2.15'					
OTHER EXPENSES					
Auditor's remuneration	-	-	-	-	-
-Audit Fees	0.85	-	-	-	-
-Service Tax	0.11	-	-	-	-
-Reimbursement of travelling expenses	0.82	-	-	-	-
Audit Fees from bond Issue	0.84	-	-	-	-
Filing Fees	0.08	-	-	-	-
Compounding Fees	0.30	-	-	-	-
	2.99	**-**	**-**	**-**	**-**
Note '2.16'					
PREOPERATIVE EXPENDITURE					
Auditor's Remuneration					
-Audit Fees	-	0.85	0.85	0.70	0.70
-Service Tax	-	0.09	0.09	0.07	0.09
-Reimbursement of Travelling Exp	-	0.55	0.55	0.59	0.53
Bank Charges	0.03	0.00	0.01	0.01	0.02
Books, Periodicals and Publications	0.02	0.02	0.02	0.02	0.01
Contribution to PF/ Pension	0.31	0.33	0.30	0.30	0.23
Depreciation	1.97	1.77	1.63	1.48	1.47
Electricity and Water Charges	0.19	0.21	0.18	0.16	0.16
Inusrance	0.05	0.05	0.05	0.05	0.05
Internal Audit Fees	0.99	0.99	0.99	0.84	0.84
Legal & Professional Charges	10.63	16.85	0.91	8.63	5.93
Membership Fees	0.01	0.01	0.01	0.01	0.01
Filing Fees	-	0.07	-	0.27	0.02
Miscellenous Expenses	-	0.00	0.11	0.06	0.08
Postage & Courier Charges	0.14	0.14	0.32	0.08	0.06
Telephone & Telex	0.26	0.30	-	0.17	0.16
Printing & Stationery	0.29	0.47	0.21	0.12	0.10
Rent (Office Building & Others)	0.30	0.30	0.28	0.27	0.26
Repair & Maintenance	0.30	0.16	0.20	0.20	0.17
Salaries & Wages	8.43	9.28	4.47	4.47	2.28
Security Charges	1.02	0.77	0.68	0.65	0.91
Staff Welfare	2.90	0.31	0.35	0.89	1.25
Travelling & Conveyance Expenses	-	3.58	4.06	3.23	1.52
Medical Reimbursement	0.21	0.21	0.69	-	-
Seminar/ Meeting/ Training Expenses	0.14	0.01	0.04	-	-
Rates & Taxes	-	-	0.38	-	-
Additional Depreciation	-	-	0.03	-	-
Loss on Sale of Asset	-	-	0.05	-	-

Performance Audit Expense	-	0.15	-	-	-
Entertainment Exp	-	0.00	-	0.00	0.00
concession Fee	0.00	-	-	-	-
Diwali Celebration Expenses	-	-	-	0.03	0.02
Publicity Expenses	2.13	-	-	-	0.01
Conveyance	4.10	-	-	-	-
Interest on Income tax	0.02	-	-	-	-
	34.43	**37.47**	**17.45**	**23.33**	**16.87**

NEW MANGALORE PORT ROAD CO. LTD.

ANNEXURE-VI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

BACKGROUND OF THE COMPANY

New Mangalore Port Road Co. Ltd. is a subsidiary of National Highway Authority of India. The company was incorporated on 19-01-2004 and has been set up to develop, establish, construct and maintain a project relating to the construction, operation and maintenance of the New Mangalore Port connectivity project under the "Build-Operate-Transfer" (BOT) Basis. A concession Agreement between the Company and the National Highways Authority of India will confer the right to the Company to implement the project and levy toll/user charges over the concession period after completion of construction. No such concession agreement has been executed between the company and the National Highways Authority of India, therefore no provision has been made for the lease money to be paid to NHAI.

1. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting up to 31st March, 2013 as the Company had not commenced commercial operations; Profit and Loss Account for the year has not been prepared. Information required to be furnished by the Company in accordance with part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Preoperative Expenditure is also forming part of the Accounts.

1.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

1.3 Project in Progress

Project under construction and other Capital Work in progress are carried at cost. Administration and General Overhead Expense directly attributable to construction of Fixed Asset are identified and allocated on systematic basis on innovable asset other than land on completion of project

1.4 Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.6 Other Income

Interest income is accounted on receipts basis.

1.7 Tangible Assets

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.8 Depreciation

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method using rates prescribed by Schedule XIV to the Companies Act, 1956.

1.9 Borrowing Cost

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.10 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.
Since there is no timing difference between the taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent period, therefore, no deferred tax is recognized in books

1.11 Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 disclosed in the Notes.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

1. **Related Party Disclosure**

The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

National Highway Authority of India

National Highway Authority of India

Key Management personnel :

Dr. J.N. Singh (Chairman)
Mr. Ashok Mathur (Managing Director)
Mr. Rakesh Nagar (Director)
Mr. G.Suresh (Director)
Mr. L.P. Padhy(Director)

Associate Companies :

Mumbai-JNPT Port Road Co. Ltd.
Paradip Port Road Co. Ltd

Related Party Transaction & Balances:

Related Party	Nature of Transaction	Transaction during the Year	Closing Balance as on 31.3.2013	Balance as on 31.3.2012
National Highways Authority of India	Loan Taken	205,341,740	1,653,976,484	1,448,634,744
		(168,713,691)		
National Highways Authority of India	Share Application Money received	111,400,000	294,500,000	183,100,000
		(183,100,000)		
National Highways Authority of India	Interest Paid	154,379,711		
		(187,459,657)		
National Highways Authority of India	Reimbursements Received	5,078,905		
		(2,971,044)		

2. **Earning Per Share**

The elements considered in calculating of Earning Per share(Basic and Diluted) are as under

Particulars	31st March, 2013	31st March, 2012
Net Profit/Loss after tax used as numerator	-	-
Weighted average numbers of equity shares used a denominator	78,600,000	-
Earning per Share (Basic & Diluted)	-	
Face Value Per Share	10	-

3. **Payment to Auditor**

Particulars	for the year ended 31st March, 2013	for the year ended 31st March, 2012
Audit Fees	85,000	85,000
Add: Service Tax @ 12.36% / 10.3%	10,506	8,755
Total	**95,506**	**93,755**

4. **Share Application Money**

The company has received Share application money from NHAI amounting Rs. 29,45,00,000/- in excess of its Authorised Capital which is classified under Other Current Liabilities. No terms & conditions regarding issue and allotment have been specified. However, NHAI has agreed to forgo the interest and thus interest on above has not been provided.

5. Work executed by the contractor amounting to Rs. 6,60,06,376.34 (BOQ & Non BOQ Variations) shown under the head Capital Work in Progress are pending for approval by the Competent Authority.

6. **Current Assets**

In the opinion of Board of Directors all the Current Assets, loans and advances have been shown at realisable value in the ordinary course of business and provisions for all the known liabilities against the company have been made in the books of accounts.

7. **Deferred Tax**

Since there is no timing difference between the taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent period, therefore, no deferred tax is recognised in books.

8. **Miscellaneous Expenditure**

Miscellaneous Preliminary Expenses amounting to Rs. 58,17,500/- appearing in Balance Sheet and Other revenue expenses amounting to Rs. 11,30,871/- appearing in Statement of Pre Operative Expenditures since inception of the company till 31st March 2012 have been charged to Revenue under the Line head Prior Period Items in the Statement of Profit & Loss for the current period.

9. Contingent Liabilities

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. NIL/- (Previous Year Rs. NIL)

10. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

11. No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to employees since company does not have any employee on the Company's Roll.

12. Royalty

As per Karnataka Minor Mineral Concession Rules, 1994 every contractor is required to pay royalty to the government if it is purchasing minor minerals from private quarry lease holders or private quarry owners. The liability of deducting and depositing the royalty is levied on the person making payment to such contractor. Acting for the due compliance of the Act, company has deducted Rs. 16,919,167/- towards royalty up to 31.03.2011, from the payment made to Contractor (Ircon International Limited).

Further, in this regard company has taken a legal consultancy according to which the royalty deducted would be payable to contractor incase it produces the documents which substantiate that it has purchased minor minerals from private quarry lease holders or private quarry owners. If the contractor is not able to produce the required documents the same amount would be deposited to the Government. Due to this uncertainty company has not deposited any amount, out of royalty deduction, to the government.

13. Interest paid on unsecured loan has been capitalized during the year as the work is yet to be completed.

14. The company's account with National Highway Authority of India(Receivables), IRCON International & SAI Consulting Engineers Pvt. Ltd. -a joint venture with SNC-LAVALIN International (Payable) is subject to reconciliation.

15. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

16. Balances under loans and advances, Other current assets and other current liabilities etc. are subject to confirmation.

17. Paise have been rounded off to the nearest rupee.

18. Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

1. Related Party Disclosure

The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

National Highway Authority of India

Key Management personnel :	Dr. J.N. Singh (Chairman)
	Mr. Alok Mathur (Managing Director)
	Mr. Rakesh Nagar (Director)
	Mr. G.Suresh (Director)
	Mr. S.R. Tholia (Director)

Associate Companies : Mumbai-JNPT Port Road Co. Ltd.
Paradip Port Road Co. Ltd.

Related Party Transaction & Balances: **(in Lac)**

Related Party	**Nature of Transaction**	**Transaction during the Year**	**Closing Balance as on 31.3.2012**	**Balance as on 31.3.2011**
National Highways Authority of India	Loan Taken	168,7.13	1,448,6.34	1,279,9.21

2. Earning Per Share
Since there is no Profit/Loss for the year, Earning Per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

3. Payment to Auditor

	2011-12	**2010-11**
Audit Fees (inclusive of service tax)	0.94 Lac	0.94Lac

4. Current Assets
In the opinion of Board of Directors all the current assets, loans and advances have been shown at realizable value in the ordinary course of business and provisions for all the known liabilities against the company have been made in the books of accounts
.

5. Deferred Tax
In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard – 22 issued by ICAI has not been made.

6. Miscellaneous Expenditure
According to the policy of the Company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

7. Contingent Liabilities
Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. NIL/- (Previous Year Rs. NIL)

8. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

9. Provision for Income taxation amounting to Rs.4.34Lac has been estimated by the management on interest on FDR amounting to Rs. 14.03Lac(Previous year Provision of Tax Rs. 1.07Lac & interest on FDR's was Rs. 3.44Lac)

10. The initial estimated cost at the time of initiation of the project was Rs. 196,50Lac However, there has been escalation in the project cost due to various reasons to Rs. 363,00Lac as on 31.03.2012. The company has incurred Rs. 241,00Lac till 31.03.2012 out the total revised estimated cost of project. Hence, the balance estimated Capital commitment as on 31.03.2012 is Rs. 122,00Lac.

11. No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to Company's employees since company does not have any employee as on date.

12. Royalty

As per Karnataka Minor Mineral Concession Rules, 1994 every contractor is required to pay royalty to the government if it is purchasing minor minerals from private quarry lease holders or private quarry owners. The liability of deducting and depositing the royalty is levied on the person making payment to such contractor. Acting for the due compliance of the Act, company has deducted Rs. 169.19Lac- towards royalty up to 31.03.2011, from the payment made to Contractor (Ircon International Limited).

Further, in this regard company has taken a legal consultancy according to which the royalty deducted would be payable to contractor incase it produces the documents which substantiate that it has purchased minor minerals from private quarry lease holders or private quarry owners. If the contractor is not able to produce the required documents the same amount would be deposited to the Government. Due to this uncertainty company has not deposited any amount, out of royalty deduction, to the government.

13. According to the policy of the Company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26 issued by ICAI and clause 56 of Companies (Accounting Standard) Rules, 2006 the expenditure which is incurred to provide future economic benefit to an enterprise, but does not create any Intangible Asset, should be treated as an expense when it is incurred.

Thus, Company has contravened the compliance of above said Accounting Standard 26 and Companies (Accounting Standard) Rules, 2006.

14. Interest paid on unsecured loan has not been capitalized during the year as the work is yet to be completed.

15. The company’s account with National Highway Authority of India & Sai Consulting Engineers Pvt. Ltd. A joint venture with SNC-LAVALIN International is subject to reconciliation.

The company’s account with National Highway Authority of India & Ircon International is subject to reconciliation.

16. The company has given a total sum of Rs. 175.06Lac to Mangalore Electricity Supply Co. Ltd. (MESCOM) for electrical work during the financial year 2009-10. However, utilization certificate, of aforesaid amount paid to MESCOM, has been furnished to the company. Thus the said amount is not appearing in the books of the company as on 31.03.2012 under the head “Loans & Advances”. However, no balance confirmation certificate confirming the balance as on 31.03.2012, has been issued by Mangalore Electricity Supply Co. Ltd.

17. During the financial year company has paid Rs. 9.11lac- to Special Land Acquisition Officer (SLO) which has been debited to CWIP Land Account as and when payment is made. However, no balance confirmation certificate has been furnished to us.

18. As on the Balance Sheet date, there is no amount payable to Small Scale Industries for more than 30 days in excess of Rs. 1,00,000/- (Previous yeas Rs. NIL).

19. Based on the information available with management, the Company does not owe any dues under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Balances under loans and advances, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

21."Paise have been rounded off to nearest Rupee.

22.Previous Year's Figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule 3.

As per arrangement with NHAI, the establishment and Administrative expenses of site office has been apportioned between NHAI, the company in the ratio 3:1, The total Establishment & Administrative Expenses of site office is Rs. 47.59 lacs out of which Rs 35.69 lacs has been transferred to NHAI A/c and Rs 11.90 lacs has been booked in the company.

2. **Contingent Liabilities**

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. NIL/- (Previous Year Rs. NIL)

The company has encashed Bank guarantee of Rs. 173 Lacs taken as an income of the company for which the case is still pending in the court**.**

3. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. Since there is no Profit/Loss for the year, Earning Per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

6. Provision for Income taxation amounting to Rs. 1.07 lacs has been estimated by the management on interest on FDR amounting to Rs. 3.44 lacsPrevious year Provision of Tax Rs. 2.90 lacs & interest on FDR's was Rs. 8.85 lacs).

7. The initial estimated cost at the time of initiation of the project was Rs. 19650 lacs. However, there has been escalation in the project cost due to various reasons to Rs. 36300 lacs. The proposal for revision of Project Cost is under process. The company has incurred Rs. 20000 lacs till 31.03.2011 out the total revised estimated cost of project. Hence, the balance estimated Capital commitment as on 31.03.2011 is Rs. 16300 lacs.

8. Auditor's remuneration includes :-

Particulars	**For the year Ended 31.03.2011**	**For the year Ended 31.03.2010**
Audit Fees (including Service Tax)	0.94	0.77

9. In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard – 22 issued by ICAI has not been made.

10. No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to Company's employees since company does not have any employee as on date.

11. The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

12. As per Karnataka Minor Mineral Concession Rules, 1994 every contractor is required to pay royalty to the government if it is purchasing minor minerals from private quarry lease holders or private quarry owners. The liability of deducting and depositing the royalty is levied on the person making payment to such contractor. Acting for the due compliance of the Act, company has deducted Rs. 169.19 lacs towards royalty up to 31.03.2011, from the payment made to Contractor (Ircon International Limited).

Further, in this regard company has taken a legal consultancy according to which the royalty deducted would be payable to contractor incase it produces the documents which substantiate that it has purchased minor minerals from private quarry lease holders or private quarry owners. If the contractor is not able to produce the required documents the same amount would be deposited to the Government. Due to this uncertainty company has not deposited any amount, out of royalty deduction, to the government.

13. According to the policy of the Company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26, issued by ICAI and clause 56 of Companies (Accounting Standard) Rules, 2006 the expenditure which is incurred to provide future economic benefit to an enterprise, but does not create any Intangible Asset, should be treated as an expense when it is incurred.
Thus, Company has contravened the compliance of above said Accounting Standard 26 and Companies (Accounting Standard) Rules, 2006.

14. Interest paid on unsecured loan has not been capitalized during the year as the work is yet to be completed.

15. The company's account with National Highway Authority of India & Sai Consulting Engineers Pvt. Ltd. A joint venture with SNC-LAVALIN International is subject to reconciliation.

Further, a balance confirmation certification has been received from Ircon International Ltd. (contractor) wherein it has showed an amount of Rs. 148.43 lacs recoverable towards cumulative labour cess amount, deducted by the company. However, such amount has already been deposited with the government and no amount is payable to the contractor. Therefore, there exists a difference in balances equal to the aforesaid amount.

16. The company has given a total sum of Rs. 175.06 lacs to Mangalore Electricity Supply Co. Ltd. (MESCOM) for electrical work during the financial year 2009-10. However, utilization certificate, of aforesaid amount paid to MESCOM, has not been furnished to the company. Thus the said amount is still appearing in the books of the company as on 31.03.2011 under the head "Loans & Advances". However, no balance confirmation certificate confirming the balance as on 31.03.2011, has been issued by Mangalore Electricity Supply Co. Ltd.

17. During the financial year company has paid Rs. 9.50 lacs to Special Land Acquisition Officer (SLO) which has been debited to CWIP Land Account as and when payment is made. However, no balance confirmation certificate has been furnished to us.

18. As on the Balance Sheet date, there is no amount payable to Small Scale Industries for more than 30 days in excess of Rs. 1.00 lacs (Previous yeas Rs. NIL).

19. Based on the information available with management, the Company does not owe any dues under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Balances under loans and advances, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

21. Paise have been rounded off to nearest Rupee.

22. Previous years figures have been regrouped / rearranged wherever considered necessary.

23. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956 has been attached herewith.

ADDITIONAL DIRECTIONS:

(Rupees in Lacs)

1. Registration Details

Regn. No.	124172
State Code	55
Balance Sheet Date	31st March, 2011

2. Capital raised during the year

Public Issue :		Nil	
Bonus Issue :		Nil	
Right Issue :		Nil	
Private Placement	:	Nil	
Shares Alloted against Application Money	:	Rs. 5855.00	

3. Position of mobilisation and deployment of funds

Total Liabilities	:	Rs.	21905.20
Total Assets	:	Rs.	21905.20
Sources of Funds			
Paid up Capital	:	Rs.	7860.00
Share Application Money	:		Nil
Reserves & Surplus	:		Nil
Unsecured Loans	:	Rs.	12799.21
Application of Funds			
Net Fixed Assets	:	Rs.	2,0028.91
Net Current Assets	:	Rs.	577.98
Deferred Tax Asset	:		Nil
Misc. Expenses	:	Rs.	52.32

4. Performance of Company

Income	:	Nil
Total Expenditure	:	Nil
Profit Before Tax	:	Nil
Profit After Tax	:	Nil
Earning per Share	:	Nil
Dividend	:	Nil

5. Generic Names of principal products, service of the Company :

Item Code No.	:	Nil
Service Description	:	To construct, operate & maintain an infrastructure, port road project

On behalf of the board of directors

B) <u>NOTES TO ACCOUNTS NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010</u>

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule 3.

As per arrangement with NHAI, the establishment and Administrative expenses of site office has been apportioned between NHAI, the company in the ratio 3:1, The total Establishment & Administrative Expenses of site office is Rs. 41.15 lacs out of which Rs 30.86 lacs has been transferred to NHAI A/c and Rs 10.29 lacs has been booked in the company.

2. **Contingent Liabilities**

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. NIL/- (Previous Year Rs. NIL)

The bid guarantee of Rs. 173 Lacs, encashed by the company was considered as income in the preceeding financial years. However, in respect of the said amount encashed, a case is still pending in the court.

3. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. Since there is no Profit/Loss for the year, Earning Per Share pursuant to “Accounting Standard-20” issued by Institute of Chartered Accountants of India has not been given.

6. Provision for Income taxation amounting to Rs.2.90 lacs has been estimated by the management on interest on FDR amounting to Rs. 8.85 lacs (Previous year Provision of Tax Rs. 16.49 lacs & interest on FDR’s was Rs. 48.51 lacs)

7. The estimated cost of the project is Rs. 19650 lacs and estimated amount of contract remaining to be executed as on 31.03.2010 is Rs. 3619 lacs

8. During the financial year 2009-10, company has received as income tax refund of Rs. 1.29 lacs relating to A.Y. 2005-06. However, the actual refund for the said A.Y. as per income tax return is only Rs. 0.21 Lacs, which has already been received by the company during the relevant financial year. Therefore, this refund of Rs. 1.29 lacs has been considered as income in the statement of Preoperative Expenditure for the year ended 31.3.2010.

9. Auditor’s remuneration includes :-

(Rupees in lacs)

Particulars	**For the year Ended 31.03.2010**	**For the year Ended 31.03.2009**
Audit Fees(Including service tax)	0.77	0.79

10. In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard – 22 issued by ICAI has not been made.

11. No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to Company’s employees since company does not have any employee as on date.

12. The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

13. As per Karnataka Minor Mineral Concession Rules, 1994 every contractor is required to pay royalty to the government if it is purchasing minor minerals from private quarry lease holders or private quarry owners. The liability of deducting and depositing the royalty is levied on the person making payment to such contractor. Acting for the due compliance of the Act, company has deducted Rs. 208.15 lacs towards royalty up to 31.03.2010, from the payment made to Contractor (Ircon International Limited).

    Further, in this regard company has taken a legal consultancy according to which the royalty deducted would be payable to contractor incase it produces the documents which substantiate that it has purchased minor minerals from private quarry lease holders or private quarry owners. If the contractor is not able to produce the required documents the same amount would be deposited to the Government. Due to this uncertainty company has not deposited any amount, out of royalty deduction, to the govrnment.

    Out of the aforesaid amount deducted towards royalty, Rs. 38.96 lacs has been refunded back to the contractor in the FY 2009-10 on the basis of the advice given by the consultants on production of necessary documents.

14. According to the policy of the Company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26, issued by ICAI and clause 56 of Companies (Accounting Standard) Rules, 2006 the expenditure which is incurred to provide future economic benefit to an enterprise, but does not create any Intangible Asset, should be treated as an expense when it is incurred.
    Thus, Company has contravened the compliance of above said Accounting Standard 26 and Companies (Accounting Standard) Rules, 2006.

15. Interest paid on unsecured loan has not been capitalized during the year as the work is yet to be completed.

16. The company's account with National Highway Authority of India & Sai Consulting Engineers Pvt. Ltd. A joint venture with SNC-LAVALIN International is subject to reconciliation.

Further, a balance confirmation certification has been received from Ircon International Ltd. (contractor) wherein it has showed an amount of Rs. 148.43 lacs recoverable towards cumulative labour cess amount, deducted by the company. However, such amount has already been deposited with the government and no amount is payable to the contractor. Therefore, there exists a difference in balances equal to the aforesaid amount.

17. The company has given a total sum of Rs. 175.06 lacs to Mangalore Electricity Supply Co. Ltd. (MESCOM) for electrical work during the financial year 2009-10. However, utilization certificate, of aforesaid amount paid to MESCOM, has not been furnished to the company. Thus the said amount is still appearing in the books of the company as on 31.03.2010 under the head "Loans & Advances". However, no balance confirmation certificate confirming the balance as on 31.03.2010, has been issued by Mangalore Electricity Supply Co. Ltd.

18. During the financial year company has paid certain amount to Special Land Acquisition Officer (SLO) which has been debited to CWIP Land Account as and when payment is made. However, no balance confirmation certificate has been furnished to us.

19. As on the Balance Sheet date, there is no amount payable to Small Scale Industries for more than 30 days in excess of Rs. 1.00 lacs (Previous yeas Rs. NIL).

20. Based on the information available with management, the Company does not owe any dues under the Micro, Small and Medium Enterprises Development Act, 2006.

21. Balances under loans and advances, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

22. Paise have been rounded off to nearest Rupee.

23. Previous years figures have been regrouped / rearranged wherever considered necessary.

24. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956 has been attached herewith.

ADDITIONAL DIRECTIONS:

(Rupees in Lacs)

1. Registration Details

Regn. No.	124172
State Code	55
Balance Sheet Date	31st March, 2010

2. Capital raised during the year

Public Issue :	Nil
Bonus Issue :	Nil
Right Issue :	Nil
Private Placement	Nil

Rs. 187,84,65,443/-

3. Position of mobilisation and deployment of funds

Total Liabilities	:	Rs.	18784.65
Total Assets	:	Rs.	18784.65

Sources of Funds

Paid up Capital	:	Rs.	2005.00
Share Application Money	:	Rs.	5855.00
Reserves & Surplus	:		Nil
Unsecured Loans	:	Rs.	9204.24

Application of Funds			
Net Fixed Assets	:	Rs.	16036.51
Net Current Assets	:	Rs.	981.09
Deferred Tax Asset	:		Nil
Misc. Expenses	:	Rs.	46.63

4. Performance of Company

Income	:	Nil
Total Expenditure	:	Nil
Profit Before Tax	:	Nil
Profit After Tax	:	Nil
Earning per Share	:	Nil
Dividend	:	Nil

5. Generic Names of principal products, service of the Company :

Item Code No.	:	Nil
Service Description	:	To construct, operate & maintain an infrastructure, port road project

B) NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

1. Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress in Schedule 3.

As per arrangement with NHAI, the establishment and Administrative expenses of site office has been apportioned between NHAI, the company in the ratio 3:1, The total Establishment & Administrative Expenses of site office is Rs. 26.25 lacs out of which Rs 19.69 lacs has been transferred to NHAI A/c and Rs 6.56 lacs has been booked in the company.

2. Contingent Liabilities

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. NIL/- (Previous Year Rs. NIL)

The company has enchased Bid guarantee of Rs. 173 Lacs taken as an income of the company for which the case is still pending in the court.

3. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. Since there is no Profit/Loss for the year, Earning Per Share pursuant to “Accounting Standard-20” issued by Institute of Chartered Accountants of India has not been given.

6. Provision for Income taxation amounting to Rs.16.49 lacs has been estimated by the management on interest on FDR amounting to Rs. 48.51 lacs (Previous year Provision of Tax Rs. 23.22 lacs & interest on FDR’s was Rs. 75.14 lacs)

7. The estimated cost of project now stand at Rs. 19650 lacs . Estimated amount of contracts remaining to be executed on Capital, Net of advance/ Provision is Rs. 9062 lacs)

8. Auditor's remuneration includes :-

(Rupees in Lacs)

Particulars	For the year Ended 31.03.2009	For the year Ended 31.03.2008
Audit Fees (including Service Tax)	0.79	0.79

9. In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard – 22 issued by ICAI has not been made.

10. No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to Company's employees since company does not have any employee as on date.

11. The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

12. The company has deducted Rs. 208.15 lacs on the payment made to contractor (Ircon International Limited) upto 31.03.2009 on account of Royalty on Minor Minerals (as per Karnataka Minor Mineral Concession Rule 1994) but the same amount would be deposited to the Government.

13. According to the policy of the company, Miscellaneous Expenditure will be amortized over the period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26, issued by ICAI and clause 56 of Companies (accounting Standrad) rules 2006 the expenditure which is incurred to provide future economic benefit to an enterprise, but does not crate any Intangible Assets, should be treated as an expenses when it is incurred.
Thus, company has contravened the compliance of above said accounting standard 26 and companies (accounting standard) rules, 2006.

14. Interest paid on unsecured loan has been capitalized during the year as the work is yet to be completed.

15. The company's account with National Highways Authority of India & Sai Consulting Engineers Pvt. Ltd. A joint venture with SNC-LAVALIN International is subject to reconciliation..

16. The company has given a total sum of Rs. 905.03 lacs to Mangalore City Corporation for the purpose of shifting of pipe line work. Mangalore City Corporation has provided a utilization certificate of Rs. 870.04 lacs as on 10.07.2008. The remaining Rs. 34.99 lacs are still appearing in the books of the company as on 31.03.2009 under Loans & Advances. However, no balance confirmation certificate the balance as on 31.03.2009, issued by Mangalore City Corporation, is made available to us.

17. In respect of Assets transferred by NHAI during the financial year at cost of purchase, the date of transfer is taken as the date of installation.

18. As on the balance sheet date, there is no amount payable to Small Scale Industries for more than 30 days in excess of Rs. 1.00 lacs (previous year Rs. Nil)

19. Based n the information available with management, the company does not owe dues under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Balance under loans and advances, unsecured loans etc. are subject to confirmation and necessary adjustment, if any.

21. Paise have been rounded off to nearest Rupee.

22. Previous years figures have been regrouped / rearranged wherever considered necessary.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted) (Rs.)*	- 0.09	-	-	-	-
Return on net worth (%)*	-0.95%	-	-	-	-
Net asset value per equity share (Rs.)	9.91	10.00	10.00	10.00	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	7.86	7.86	3.53	2.01	2.01
Total number of share outstanding at the end of the year / period (in crore)	7.86	7.86	7.86	2.01	2.01
Debt Equity Ratio	2.12	1.84	1.63	4.59	1.92

Notes:

Since Statement of Profit And Loss has not been prepared for the year ended 2012,2011,2010 & 2009,these ratios can not be computed.

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

NEW MANGALORE PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year ending 2013

1. Management has not capitalized the asset amounting to Rs. 245.89 crores out of total Rs. 272.99 crores capital work in progress carried in the Balance Sheet though out of total 37.00 km if said, 34.98 km has been taken over on 30-05-2012 from the contractor, Contractor's defect liability period had started since then and the road was capable of generating revenue though the same could not be made operational for other reasons. Therefore borrowing cost of Rs. 12.17 crores and Administrative cost of Rs. 0.23 crores incurred on 34.98 km of road has not been charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956. Accordingly, 'Capital Work in Progress' would have reduced by Rs. 258.29 crores and Fixed Assets would have increased by Rs. 245.89 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs. 12.39 crores.

Management has not charged Borrowing cost of Rs. 12.17 crores and Administration Cost Rs. 0.23 crores to Statement of Profit and Loss due to non capitalization of 34.98 km of road. This constitutes departure from the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956. Accordingly, 'Finance Cost' would have increased by Rs. 12.17 crores and 'Administrative and other Expenses' would have increased by Rs. 0.23 crores, 'Net Profit before Tax' would have further reduced by Rs. 12.40 crores.

We draw attention to:

a) **Revised Note No. 4** to the Notes to accounts forming part of the Financial Statements, which describes about receipt of share application money in excess of authorized Capital of the Company.

b) **Revised Note No. 4** to the Notes to accounts forming part of the Financial Statements , which describes about work executed by Contractor (BOQ and Non BOQ Variations) shown under the head Capital work in progress are pending for approval by the Competent Authority.

c) **Revised Note No. 14** to the Notes to accounts forming part of the Financial Statements, which describes about non-reconciliation of account with certain major parties.

Our opinion is not qualified in respect of these matters.

Annexure to the Auditor's Report

The company has not maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

In our opinion and according to the information and explanations given to us, there is no adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to the execution of Contracts awarded by the Company. There is continuing failure to correct major weaknesses in the internal controls system.

Year ending March 31, 2012.

1. According to the policy of the company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26, issued by ICAI and clause 56 of Companies (Accounting Standard) Rules, 2006 the expenditure which is incurred to provide future economic benefits to an enterprise, but does not create any Intangible Assets, should be treated as an expense when it is incurred. Thus, Company has contravened the compliance of above said Accounting Standard 26 and Companies (accounting Standard) Rules, 2006 to that extent.

Attention is invited to our following comments:

a) Share Application Money shown under Share Holder's Fund

The Company had received Share Application Money from NHAI of Rs. 18,31,00,000/-. However, shares were not allotted till date.

According to the Unlisted Public Company (Preferential Allotment) Amendment Rules, 2011 Dt. 14th December, 2011, Shares are to be allotted within 60 days from the receipt of share application money and incase the company is not able to allot the shares within the said period the amount shall be repayable within 15 days thereafter. Failing which, company will be required to repay the amount with interest @ 12% per annum.

The said rules also provides that the Share Application Money received shall be kept in a separate bank account and shall not be utilized for any purpose other than

- For adjustment against allotment of Shares or,
- For the repayment of monies, where the company is unable to allot the shares.

Annexure to the Auditor's Report.

Year ending March 31, 2012

In our opinion and according to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/3013 for a period of more than six months from the date they became payable except for the amount of Rs. 1136/- (2009) / Rs. 1366/- (2010, 2011 & 2012) for the financial year 2007-08 in respect of Fringe Benefit Tax.

According to the information and explanation given to us, the Company has not raised any money by way of issue of shares to the public. However, share against a sum of Rs. 18,31,00,000/- , received by the company, in the current year has not been allotted to existing subscribers i.e. NHAI.

Year ending March 31, 2011, 2010, 2009

1. According to the policy of the company, Miscellaneous Expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities. However, as per clause 11 of Accounting Standard 26, issued by ICAI and clause 56 of Companies (Accounting Standard) Rules, 2006 the expenditure which is incurred to provide future economic benefits to an enterprise, but does not create any Intangible Assets, should be treated as an expense when it is incurred. Thus, Company has contravened the compliance of above said Accounting Standard 26 and Companies (accounting Standard) Rules, 2006 to that extent.

In our opinion and according to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/3013 for a period of more than six months from the date they became payable except for the amount of Rs. 1136/- (2009) / Rs. 1366/- (2010, 2011 & 2012) for the financial year 2007-08 in respect of Fringe Benefit Tax

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF PARADIP PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Paradip Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	**Name of the Auditor**
2012-13	Gupta & Gupta
2011-12	Gupta & Gupta
2010-11	Gupta & Gupta
2009-10	Dewan& Gulati
2008-09	Dewan& Gulati

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material

regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2013, 2012, 2011 and 2010 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. **Other Reformatted Financial Information of the Company:**

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section

10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. In Lacs)

Particulars	Notes No.	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	**2**	19,000.00	19,000.00	19,000.00	2,005.00	2,005.00
(b) Reserves and Surplus	**3**	- 14,674.44	- 10,347.64	- 4,894.24	- 2,158.91	-
		-	-	-	-	-
		-	-	-	-	-
Share Application Money Pending Allotment		-	-	-	16,995.00	14,995.00
(2) Non-Current Liabilities		-	-	-	-	-
		-	-	-	-	-
(a) Long-Term Borrowings	**4**	39,059.57	36,750.62	35,007.14	33,397.14	29,225.19
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-
(c) Other Long Term Liabilities	**5**	2.35	2.35	2.35	-	-
(d) Long Term Provisions		-	-	-	-	-
		-	-	-	-	-
(3) Current Liabilities		-	-	-	-	-
		-	-	-	-	-
(a) Short-Term Borrowings		-	-	-	-	-
(b) Trade Payables		-	-	-	-	-
(c) Other Current Liabilities	**6**	2,426.07	2,502.36	427.87	261.79	2,636.62
(d) Short-Term Provisions	**7**	2.33	2.28	2.28	-	15.16
TOTAL		**45,815.88**	**47,909.97**	**49,545.41**	**50,500.02**	**48,876.97**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets		-	-	-	-	-
(i) Tangible	**8B**	1.66	3.10	4.25	5.23	5.89
(ii) Intangible		44,481.05	46,608.07	48,555.35	49,889.30	-
(iii) Capital WIP	**8A**	-	-	-	-	48,292.72
(b) Non-current investments		-	-	-	-	-
(c) Deferred tax assets (net)		-	-	-	-	-
(d) Long term loans and advances	**9**	315.91	798.46	283.89	295.60	391.18
(e) Other non-current assets	**10**	-	24.92	50.09	74.77	111.62
(2) Current Assets						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(d) Cash and cash equivalents	**11**	166.38	387.13	603.85	209.71	75.56
(e) Short-term loans and advances	**12**	784.20	0.48	0.12	-	-
(f) Other current assets	**13**	66.68	87.80	47.86	25.40	-
TOTAL		**45,815.88**	**47,909.97**	**49,545.41**	**50,500.02**	**48,876.97**

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT & LOSS

Annexure-II-A
(Rs. In lacs)

S.No	Particulars	Notes No.	For the year ended March 2013	For the year ended March 2012	For the year ended March 2011	For the year ended March 2010
I.	Revenue from operations	**14**	2,047.21	2,042.36	1,764.25	809.12
II.	Other Income	**15**	8.17	61.87	18.44	4.87
III.	**Total Revenue (I +II)**		**2,055.39**	**2,104.23**	**1,782.69**	**813.99**
IV.	**Expenses:**					
	Toll Operational and Maintenance Expenses	**16**	237.48	149.47	318.51	149.09
	Employee Benefit Expense	**17**	4.12	8.39	4.95	1.02
	Financial Costs	**18**	3,967.03	3,735.49	2,032.29	1,132.25
	Depreciation & Amortization Expense	**19**	2,153.39	2,173.74	2,126.11	1,683.48
	Other Expenses	**20**	20.18	24.67	36.16	8.51
	Total Expenses		**6,382.19**	**6,091.77**	**4,518.02**	**2,974.35**
V.	**Profit before exceptional and extraordinary items and tax**	**(III - IV)**	(4,326.80)	(3,987.54)	(2,735.33)	(2,160.36)
VI.	Exceptional and Extraordinary items		-	1,465.87	-	-
	Prior Period Expenses		-	-	-	-
VII.	**Profit before tax**	**(V - VI)**	**(4,326.80)**	**(5,453.41)**	**(2,735.33)**	**(2,160.36)**
VIII.	**Tax expense:**					
	(1) Current tax		-	-	-	1.45
	(2) Deferred tax		-	-	-	-
IX.	**Profit(Loss) After Tax for the Year**	**(IX-X)**	**(4,326.80)**	**(5,453.41)**	**(2,735.33)**	**(2,158.91)**
X.	**Earning per equity share:**					
	Basic & Diluted		**(2.28)**	**(2.87)**	**(1.44)**	**(10.77)**

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PRE OPERATING EXPENDITURE

Annexure-II-B
(Rs. In Lacs)

S.no	Particulars	For the year ended March 2013	For the year ended March 2012	For the year ended March 2011	For the year ended March 2010	For the year ended March 2009
I	Other Income	-	-	-	0.07	19.53
II	**Total Revenue**	**-**	**-**	**-**	**0.07**	**19.53**
III	Pre operative Expenses:	-	-	-	-	-
	Toll Operational and Maintenance Expenses	-	-	-	-	-
	Employee Benefit Expense	-	-	-	-	3.64
	Financial Costs	-	-	-	297.74	1,927.15
	Depreciation & Amortization Expense	-	-	-	-	1.35
	Other Administrative Expenses	-	-	-	1.78	8.76
	Total Expenses	**-**	**-**	**-**	**299.52**	**1,940.91**
IV	Profit/(Loss) before exceptional and extraordinary items and tax	-	-	-	(299.44)	(1,921.37)
V	Exceptional and Extraordinary items	-	-	-	-	-
	Provision for Income Tax	-	-	-	-	(6.73)
VI	Pre operative Expenditures	-	-	-	(299.44)	(1,928.10)
	Balance of preoperative expenditure brought forward	-	-	-	-	-
	Note 8A to capital WIP	-	-	-	(3,301.55)	(1,373.45)
VII	**Balance carried forward to Capital Work in progress**	-	-	-	**(3,600.99)**	**(3,301.55)**

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF CASH FLOW

Annexure-III
(Rs. In Lacs)

Particulars	For the year ended March 2013	For the year ended March 2012	For the year ended March 2011	For the year ended March 2010	For the year ended March 2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Taxation	(4,326.80)	(5,453.41)	(2,735.33)	(2,158.91)	-
Adjustments for:	-	-	-	-	-
Depreciation and Amortisation Expenses	2,153.39	2,173.74	2,126.11	1,683.48	-
Interest Received on Fixed Deposits	(1.84)	(29.52)	(16.36)	(3.47)	-
Preliminary expenses to be writtten off	-	-	-	-	-
Interest Paid	3,967.01	3,735.33	2,032.29	1,132.25	-
Preoperative depreciation	-	-	-	0.28	-
Operating Profit before working capital changes	**1,791.76**	**426.15**	**1,406.71**	**653.63**	**-**
	-	-	-	-	-
Adjustments for:	-	-	-	-	-
Increase/(Decrease) in Other Current Liabilities	(76.24)	2,074.49	168.36	(2,389.99)	-
(Increase) /Decrease in Short Term Loans & Advances	(783.72)	(0.36)	(0.12)	-	-
(Increase)/Decrease in other Non - current assets	-	0.24	(0.24)	36.85	-
(Increase)/Decrease in other current assets	21.12	(39.95)	(22.45)	(50.33)	-
	-	-	-	-	-
Net cash from Operating Activities	**952.92**	**2,460.57**	**1,552.26**	**(1,749.84)**	**-**
	-	-	-	-	-
CASH FLOW FROM INVESTING ACTIVITIES	-	-	-	-	-
	-	-	-	-	-
Increase/(Decrease) in Other Current Liabilities & Provisions	-	-	-	-	466.30
(Increase) /Decrease in Short Term Loans & Advances	-	-	-	-	0.05
(Increase)/Decrease in other Non - current assets	-	-	-	-	-
(Increase)/Decrease in other current assets	-	-	-	-	3.41
Increase in depreciation reserve	-	-	-	-	1.35
Increase in Capital work in Progress	-	-	-	48,292.72	(10,504.47)
Preliminary Expenses	-	-	-	-	(6.50)
Increase in Long Term Loans and Advances	482.55	(514.56)	11.70	95.58	-
Interest Received on Fixed Deposits	1.84	29.52	16.36	3.47	-
Increase/(decrease) in Fixed Assets	0.00	(200.39)	(766.25)	(51,547.48)	-
	-	-	-	-	-
Net cash used in Investing Activities	**484.39**	**(685.44)**	**(738.19)**	**(3,155.71)**	**(10,039.86)**
	-	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-	-	-	-	-
	-	-	-	-	-
Proceeds from long term borrowings	2,308.95	1,743.48	1,612.35	4,171.95	6,676.80
Refund of loans and advances	-	-	-	-	19.94
Proceeds from Share Capital/Application	-	-	-	2,000.00	2,180.00
Interest Paid	(3,967.01)	(3,735.33)	(2,032.29)	(1,132.25)	-
	-	-	-	-	-
Net cash used in Financing Activities	**(1,658.06)**	**(1,991.85)**	**(419.94)**	**5,039.70**	**8,876.74**
	-	-	-	-	-
Net Increase / (Decrease) in cash and cash equivalents	-	-	-	-	-
during the year (A+B+C)	**(220.75)**	**(216.71)**	**394.14**	**134.15**	**(1,163.12)**
	-	-	-	-	-
Cash and cash equivalents at commencement of the year	-	-	-	-	-
(opening Balance)	387.13	603.85	209.71	75.56	1,238.68
	-	-	-	-	-
Cash and cash equivalents at end of year	-	-	-	-	-
(Closing Balance)	**166.38**	**387.13**	**603.85**	**209.71**	**75.56**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 2 SHARE CAPITAL

Annexure-IV
(Figures in Lacs)

Paticulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	A at 31st March 2009
Authorised Capital	19,000	19,000	19,000	19,000	17,000
Issued, Subscribed & Paid up Capital	19,000	19,000	19,000	2,005	2,005

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	1,900.00	19,000	1,900.00	19,000
Fresh issue of shares during the year	-	-	-	-
Outstanding at the end of the year	**1,900.00**	**19,000**	**1,900.00**	**19,000**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	200.50	2,005	200.50	2,005	200.50	2,005
Fresh issue of shares during the year	1,699.50	16,995	-	-	-	-
Outstanding at the end of the year	**1,900.00**	**19,000**	**200.50**	**2,005**	**200.50**	**2,005**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**
National Highway Authority of India	1,500	78.95%	1,500	78.95%
Paradeep Port Trust Authority	400	21.05%	400	21.05%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**	**No. of Shares held**	**% of Holding**
National Highway Authority of India	1,500	78.95%	200.50	100%	200.50	100%
Paradeep Port Trust Authority	400	21.05%	-	-	-	-

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV
(Rs. In Lacs)

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	A at 31st March 2009
NOTE - 3 RESERVE AND SURPLUS					
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance	(10,347.64)	(4,894.24)	(2,158.91)	-	-
Add/(less): Transferred From Surplus/(Defecit) in Statement of Profit and Loss	(4,326.80)	(5,453.41)	(2,735.33)	(2,158.91)	-
Closing Balance	**(14,674.44)**	**(10,347.64)**	**(4,894.24)**	**(2,158.91)**	**-**
NOTE - 4 LONG TERM BORROWINGS					
Unsecured					
Loans & Advances From Related Parties	-	-	-	-	-
	-	-	-	-	-
National Highway Authority of India					
From Paradip port Trust	39,059.57	36,750.62	35,007.14	33,397.14	29,225.19
TOTAL	**39,059.57**	**36,750.62**	**35,007.14**	**33,397.14**	**29,225.19**
NOTE - 5 OTHER LONG TERM LIABILITIES					
Leave Salary & Pension Contribution-Deputationist (R.P.Panda) B/D 2007-08					
CGEGIS Deduction Payable (B/D), 2007-08	0.10	0.10	0.10	0.10	0.10
Other Liabilities & Exp. (APGLI) (B/D) 2007-08	0.03	0.03	0.03	0.03	0.03
Security Deposit (IOCL)	0.06	0.06	0.06	0.06	0.06
	2.15	2.15	2.15	-	-
	-	-	-	-	-
TOTAL	**2.35**	**2.35**	**2.35**	**-**	**-**
NOTE - 6 OTHER CURRENT LIABILITIES					
Current maturity of long term debt					
HCC Ltd.	1,762.96	1,537.60	-	-	2,000.00
Earnest Money Payable	-	200.10	-	-	-
A.J. Tolls Pvt. Ltd. (Performance Security Payable)	41.00	164.00	20.15	-	-
TDS Paybale	-	175.50	175.50	-	-
Payable to parent Organisation -NHAI	398.55	377.48	205.39	143.78	235.86
Other liabilities/ Expenses payable	-	-	-	26.03	49.32
Service Tax Payable (Reverse Charge Mechanism)	223.19	47.68	26.83	91.98	351.43
	0.37	-	-	-	-
TOTAL	**2,426.07**	**2,502.36**	**427.87**	**261.79**	**2,636.62**
NOTE - 7 SHORT TERM PROVISIONS					
Provisions for Audit Fees	-	-	-	-	-
Provisions for Income Tax	2.33	2.28	2.28	-	-
Provisions for Fringe Benefit Tax	-	-	-	-	15.01
	-	-	-	-	0.15
TOTAL	**2.33**	**2.28**	**2.28**	**-**	**15.16**
NOTE -8A CAPITAL WORK IN PROGRES					
Capital work in progress	-	-	-	-	-
unallocated pre operative expenses	-	-	-	47,945.76	44,991.17
	-	-	-	3,600.99	3,301.55
Less: Capitalised during the year	-	-	-	-	-
	-	-	-	(51,546.75)	-
TOTAL	**-**	**-**	**-**	**-**	**48,292.72**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 8-B FIXED ASSETS

TANGIBLE ASSETS **Annexure-IV**

(Rs. In Lacs)

Particulars	Net Block				
	AS at 31.03.2013	AS at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Air condition and Heaters	0.13	0.14	0.15	0.16	0.17
Office Equipment	0.47	0.50	0.24	0.15	0.16
Computer and EDP equipments	0.23	1.56	2.89	4.22	5.56
Furnitures & Fixtures	0.83	0.90	0.96	0.70	-
Toll Road	44,481.05	46,608.07	48,555.35	49,889.30	-
	-	-	-	-	-
TOTAL	**44,482.71**	**46,611.17**	**48,559.60**	**49,894.54**	**5.89**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV
(Rs. In Lacs)

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
NOTE - 9 LONG TERM LOANS AND ADVANCES					
Unsecured and Considered good					
Capital Advances	2.71	5.24	-	283.71	94.65
Security Deposits	1.00	1.00	1.00	-	-
Other Deposits	-	485.85	-	11.56	296.53
Advance from NHAI (Holding Compnay)	309.87	304.15	280.68	-	-
Advance Income Tax / TDS Receivable	2.33	2.21	2.21	0.33	-
	-	-	-	-	-
TOTAL	**315.91**	**798.46**	**283.89**	**295.60**	**391.18**
NOTE - 10 OTHER NON CURRENT ASSETS					
Unamortised expenses					
Preliminary Expenditure	-	24.92	49.85	74.77	111.62
Unsecured and Considered good					
HCC LTD.	-	-	0.24	-	-
	-	-	-	-	-
TOTAL	**-**	**24.92**	**50.09**	**74.77**	**111.62**
NOTE - 11 CASH AND CASH EQUIVALENTS					
Cash in Hand	0.00	0.01	0.06	0.06	0.11
Balances with Schedule Banks in Current account:	8.89	135.25	8.80	71.30	75.45
Deposit with Syndicate Bank	157.49	251.88	594.98	138.35	-
TOTAL	**166.38**	**387.13**	**603.85**	**209.71**	**75.56**

NOTE - 12 SHORT TERM LOANS & ADVANCES

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Unsecured, Considered Good					
Prepaid Expenses	-	0.05	0.12	-	-
Advacne to Employees (Imprest)	-	0.08	-	-	-
Other Advances	783.96	-	-	-	-
Loans & Advances to related parties:					
Calcatta-Haldia Port Road Co. Ltd.	0.02	0.04	-	-	-
Chennai Ennore Port Road Co. Ltd.	0.02	0.04	-	-	-
Cochin Port Road Co.Ltd.	0.02	0.04	-	-	-
Moradabad Toll Road Co Ltd	0.02	0.06	-	-	-
Mormugao Port Road Co. Ltd.	0.06	0.04	-	-	-
Mumbai-JNPT POrt Road Co. Ltd	0.02	0.01	-	-	-

Annexure-IV
(Rs. In Lacs)

New Mangalore Port Road Co. Ltd.	0.02	0.04	-	-	-
Tuticorin Port Road Co. Ltd.	0.02	0.07	-	-	-
Vishakhapatnam Port Road Co Ltd	0.02	0.02	-	-	-
	-	-	-	-	-
TOTAL	**784.20**	**0.48**	**0.12**	**-**	**-**

NOTE - 13 OTHER CURRENT ASSETS

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Unamortised expenses					
Preliminary Expenditure	24.92	24.92	24.92	24.92	-
Accruals	-	-	-	-	-
Interest accrued on deposits	0.34	4.47	5.49	0.48	-
Claims and expenses recoverable	41.42	58.17	17.44	-	-
Unsecured and Considered good	-	-	-	-	-
HCC Ltd.	-	0.24	-	-	-
TOTAL	**66.68**	**87.80**	**47.86**	**25.40**	**-**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

NOTE - 14 REVENUE FROM OPERATIONS

Annexure-V
(Rs. In Lacs)

Paticulars	For the year ended March 2013	For the year ended March 2012	For the year ended March 2011	For the year ended March 2010	For the year ended March 2009	For the year ended March 2009
Toll Revenue	2047.21	2042.36	0.00	1764.25	809.12	0.00
TOTAL	**2047.21**	**2042.36**	**0.00**	**1764.25**	**809.12**	**0.00**

NOTE - 15 OTHER INCOME

Interest from Bank (Income)	1.11	15.24	0.00	4.07	3.47	19.48
Interest on Toll Deposit	0.72	14.28	0.00	12.29	0.00	0.00
Licence Fee Recovered	0.00	0.05	0.00	0.04	1.38	0.00
Sale of Tender Document	0.10	1.30	0.00	1.45	0.00	0.00
Liquidated Damages	1.88	2.99	0.00	0.59	0.00	0.00
Recovery of Panelty (From Toll Agency)	0.00	13.49	0.00	0.00	0.00	0.00
Claim and Expenses Recoverable	1.26	14.53	0.00	0.00	0.00	0.00
excess provision for expenses written back	0.00	0.00	0.00	0.00	0.01	0.00
Miscelleneous Receipt	0.00	0.00	0.00	0.00	0.00	0.05
Other Interest	3.10	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**8.17**	**61.87**	**0.00**	**18.44**	**4.87**	**19.53**

NOTE - 16 TOLL OPERATIONAL AND MAINTENACE EXPENSES

Toll Expenses	1.04	2.86	0.00	170.94	149.09	0.00
Expenditure Maintenance on Highwayas	236.44	146.61	0.00	147.57	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**237.48**	**149.47**	**0.00**	**318.51**	**149.09**	**0.00**

NOTE - 17 EMPLOYEMENT BENEFIT EXPENSES

Salaries & Wages	4.05	7.61	0.00	4.33	0.70	3.48
Staff Welfare Expenses	0.01	0.55	0.00	0.39	0.32	0.16
Contribution to CPF, Pension and Leave salary	0.05	0.23	0.00	0.23	0.00	0.00
TOTAL	**4.12**	**8.39**	**0.00**	**4.95**	**1.02**	**3.64**

NOTE - 18 FINANCIAL COST

Paticulars	For the year ended March 2013	For the year ended March 2012	For the year ended March 2011	For the year ended March 2011	For the year ended March 2010	A at 31st March 2009
Interest on Cash Credit Facality						
Interest on Loan From NHAI	3967.01	3735.33	0.00	2032.23	1132.20	1927.14
Bank Gurantee Charges	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.02	0.16	0.00	0.07	0.05	0.01
TOTAL	**3967.03**	**3735.49**	**0.00**	**2032.29**	**1132.25**	**1927.15**

NOTE - 19 DEPRICIATION & AMORTISATION EXPENSES

Depreciation	2128.46	2148.82	0.00	2101.19	1658.56	1.35
Preliminary Expenses W/O	24.92	24.92	0.00	24.92	24.92	0.00
TOTAL	**2153.39**	**2173.74**	**0.00**	**2126.11**	**1683.48**	**1.35**

PARADIP PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

NOTE - 20 OTHER EXPENSES

Telephone Expenses	0.03	0.18	0.00	0.21	0.16	0.24
Conveyance Expenses	0.02	0.56	0.00	0.71	0.27	0.03
Travelling Expenses	0.64	1.87	0.00	1.91	1.51	1.19
Stamp Duty fees	0.00	0.00	0.00	17.00	0.00	0.00
Entertainment Expenses	0.04	0.01	0.00	0.00	0.00	0.00
Newspaper and Periodicals	0.00	0.01	0.00	0.01	0.00	0.01
Legal and Professional Expenses	11.26	16.09	0.00	11.46	1.86	2.13
Repair & Maintenance	0.19	0.22	0.00	0.14	0.20	0.91
Postage & Telegram	0.01	0.05	0.00	0.04	0.08	0.05
ROC Expenses	0.09	0.04	0.00	0.10	0.00	0.02
Security Expesnes	1.14	0.98	0.00	0.44	0.40	0.66
Printing and Stationery Expenses	0.02	0.17	0.00	0.14	0.11	0.08
Auditors Remuneration - Audit Fees	1.52	1.49	0.00	1.49	1.21	0.79
- Out of Pocket Expenses	0.57	1.32	0.00	1.09	0.78	0.44
- Internal Audit Fees	1.05	1.05	0.00	1.05	1.12	1.12
Advertisement & Publicity	2.41	0.00	0.00	0.10	0.40	0.24
Electricity and Water Expenses	0.76	0.63	0.00	0.28	0.23	0.59
Other Expenses	0.05	0.00	0.00	0.00	0.01	0.08
Rent for residence	0.00	0.00	0.00	0.00	0.17	0.18
Meeting Expenses	0.01	0.00	0.00	0.00	0.00	0.00
Service Tax (Reverse Charge Mechanism)	0.33	0.00	0.00	0.00	0.00	0.00
Interest on Service Tax	0.04	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**20.18**	**24.67**	**0.00**	**36.16**	**8.51**	**8.76**

PARADIP PORT ROAD COMPANY LIMITED

ANNEXURE -VI

FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDING (31st March, 2013, 2012, 2011, 2010 and 2009)

I BACKGROUND

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Paradip Port connectivity project under the "Build-Operate-Transfer"(BOT) basis. A concession Agreement entered between the company and the National Highways Authority of India, (NHAI) will confer the right to the company to implement the project and levy toll/user charges over the long concession period after completion of construction.

II SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of accounting (31st March, 2013, 2012, 2011, 2010 and 2009)

The financial statements are been prepared under the historical cost convention, on the accrual basis of accounting and accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956, (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006. The project has been completed substantially on 15.06.2009. The Toll collection started w.e.f. 04.07.2009. As the company had commenced commercial operations, a statement of the Profit or Loss has been prepared.

b) Financial Statements: Presentation and disclosures (31st March, 2013, 2012, 2011, 2010 and 2009)

During the year ended 31st March 2012, the revised schedule VI, notified under The Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) Classification of Assets and Liabilities (31st March, 2013, 2012, 2011, 2010 and 2009)

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies, Act 1956. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d) Use of Estimate (31st March, 2013, 2012, 2011, 2010 and 2009)

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

e) Fixed assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

The Substantial fixed assets of the company, in the form of Toll Road was capitalized w.e.f. 15-06-2009, including Toll Plaza with other allied facilities on way, Lighting and such other fixtures. Balance work on toll road is capitalized on 31-10-2010. The part completed of the individual assets which eventually shall stand merged into toll road on capitalization after completion of construction, are considered incidental, ancillary and form part of capital work in progress

f) Depreciation (31st March, 2013)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010 Depreciation for 2011-12 is Rs.21,47,38,485.69 , Rs. 21,27,02,500.33 for 2012.13. Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly.

An item of asset costing Rs.0.05 Lacs or less is charged off to revenue in the year of acquisition / purchase / commission / available for use and such item of asset with written down value of Rs.0.05 Lacs or less as at the beginning of the year is also fully depreciated during the year.

Depreciation (31st March, 2012)

Depreciation on fixed assets *(other* than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23-02-2034 (9019 days). The Toll Road had been completed on 31.10.2010 Depreciation for 2010-2011 is Rs. 2101.19 Lacs & Rs. 2148.82 Lacs for 2011-12. Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly.

An item of asset costing Rs. *0.05 Lacs* or less is charged off to revenue in the year of acquisition / purchase / commission *I* available for use and such item of asset with written down value of Rs. *0.05 Lacs* or less as at the beginning of the year is also fully depreciated during the year.

Depreciation (31st March, 2011)

Depreciation on fixed assets *(other* than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Compai1ies Act, 1956. The Depreciation on .Toll Road Account has been charged considering the concession period of 30 years w.e.f. 23.02.2004. The concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The consstruction was from 24.02.2004 to 15.06.2009. Hence the amortization period is 15.06.2009 to 23.02.2034 (9019 days). During last year depreciation charged from 15.06.2009 to 31.03.2010 (290 days) and in current year depreciation charged from 01.04.2010 to 31.03.2011 (365 days) and for balance work capitalized during the year from 01.11.2010 to 31.03.2011(152 days). Total balance is toll road account as on 31.03.2010 is Rs. 51546.75 Lacs and addition to Toll Road Account in F.Yr is Rs 7,65,82,248/-. The depreciation for 2009-10 amounting to Rs. 1658.83 Lacs and Rs 2,101 Lacs for 2010-11. Depreciation on project assets on project is provided upon commission and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly

An item of asset costing Rs. 0.50 Lacs or less is charged off to revenue in the year of acquisition / purchase /commission available for use and such item of asset with written down value of Rs. 0.50 Lacs or less as at the beginning of the year is also fully depredated during the year.

Depreciation (31st March, 2010)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956. The Depreciation on .Toll Road Account has been charged considering the concession period of 30 years w.e.f. 23.02.2004. The concession period of 30 year (10957 days) ends on 23.02.2034. The time consumed for construction of toll road is 1938 days from 24.02.2004 to 15.06.2009. The balance is toll road account as on 31.03.2010 is Rs. 51546.75 Lacs. The toll road account is to be amortized in 9019 days i.e. 15.06.2009 to 23.02.2034 (10957-1938). The depreciation for 2009-10 amounting to Rs. 1657.45 Lacs has been calculated accordingly. Depreciation on project assets on project is provided upon commission and commencement of commercial operations as per the guidelines applicable.

An item of asset costing Rs. 0.50 Lacs or less is charged off to revenue in the year of acquisition / purchase /commission *I* available for use and such item of asset with written down value of Rs. 0.50 Lacs or less as at the beginning of the year is also fully depredated during the year.

Depreciation (31st March, 2009)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.
An item of asset costing Rs. 0.50 Lacs or less is charged off to revenue in the year of acquisition / purchase /commission available for use and such item of asset with written down value of Rs. 0.50 Lacs or less as at the beginning of the year is also fully depredated during the year.
Depreciation on partly completed but individually identified assets forming part of complete Toll Road is not charged despite having been put to use during construction period.The intended use of such partly completed assets is to merge and use them as one composite facility and infrastructure of toll road. Depreciation on project assets on (project) will be provided upon commissioning and commencement of commercial operation as per the guidelines applicable at that time.

g) Investments (31st March, 2013, 2012, 2011, 2010 and 2009)

Investments, if any, has been valued at lower of cost or market value.

h) Borrowing Costs (31st March, 2013, 2012, 2011, 2010 and 2009)

Borrowing costs relatable to the acquisition or construction of the qualifying assets for the period upto their acquisition or construction when substantial work was capitalized as part of the cost of the assets. All borrowing costs post 15.06.2009 were/are recognized as expenses.

i) Earnings per Share (31st March, 2013, 2012, 2011, 2010 and 2009)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

j) Provisions, Contingent Liabilities and Contingent Assets (31st March, 2013, 2012, 2011, 2010 and 2009)

Provisions

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither -recognized nor disclosed in the financial statements of the company.

j) Revenue Recognition Policy (31st March, 2013, 2012, 2011, 2010 and 2009)

Revenue is recognized weekly on the basis of receipt of contracted amount from toll collection agency.

k) Miscellaneous Expenditure (31st March, 2013, 2012, 2011, 2010 and 2009)

The miscellaneous expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets Note No. 8. Depreciation of Rs.21,27,02,500/- on Toll Road has been charged in current financial year (Previous year Rs.21,47,38,486/-).

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. in the ratio 3:1. The Establishment & Administrative Expenses of site office for 2012-2013 was Rs.11,90,694/- out of which Rs.8,93,021/- has been transferred to NHAI account and Rs.2,97,673/- has been accounted for in the books of the company.

2. Advances include Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012 Hon'ble Court has passed an order Rs,1,90,86,779/- and an amount of Rs,1,07,24,043.04 Totaling of Rs,2,98,10,822/- has been deposited on 23.11.2012 of Hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on miner minerals. No provision has been made in this regard as the matter is pending decision and subjudice.

3. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. The approved cost of the project was Rs. 500.00 crores. However, the revised cost of Rs. 525.42 crores had been approved by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2013

6. Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-) Rs.2.28.

7. No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank amounting to Rs.18,3793. The company has earned interest (i) on short term deposit out of idle funds amounting to Rs.1,11380/- & (ii) on toll fee deposit Rs.72,413/-. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI , amounting to Rs.39,67,01,182/- on which provision towards TDS (I.T.) of Rs.3,96,70,118/- has been made.

8. Current account balance with NHAI (Holding Company) is subject to reconciliation.

9. There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

10. The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

11. Contingent Liabilities/Commitments:

(a) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum & Aggregate (Dispute-1). Liability of Rs. 4.76 Crores towards royalty arises on total consumption of material. The matter is in hearing stage at Hon'ble Supreme Court of India. Further, it is to note that a sum of Rs.4.76 Crores has been deposited in favour of "The Registrar, Supreme Court of India" for stay of order. The matter is under sub judice of Hon'ble Supreme Court of India and another Rs,2.98,10,822/- has been deposited on 23.11.2012 on account of additional award of Arbitration dt.14.09.2010 for stay order.

(b) The dispute "work executed below railing in Bridge Approaches" (Dispute-5) has been settled amicably for Rs.2,00,10,325/-. Payment of additional cost incurred in the extended period of contract (Dispute-6) is under Arbitration. As per award of the Arbitration Tribunal there is no dues payable by PPRCL to M/s HCC Ltd. on account of Dispute-4. The contingent liability on these accounts as on 31.03.2013 is as follow:

(C) The contingent liability, noted in Financial Year 2010-11, on account of demand for TCS by Income Tax department has been finalized & the department has issued order in favour of PPRCL. Hence, no liability is recognized on account of TCS matter in Financial Year 2012-13.

Sl No.	Particulars	Dispute No.	Amount (Rs. in Crores)
			Current Year
1	Non-reimbursement of increased Royalty on Sand, Moorum and Aggregate (Rs. 4.76 Cr +2.98Cr. have been deposited with Registrar of Hon'ble Supreme Court)	1	7.74
2	Change in river bed level for Bridge No.52/1 & 67/1	2	752
3	Cost of excess cement due to mix design for severe condition	4	-
4	Work executed below railing in Bridge Approaches	5	-

5	Payment of additional cost incurred in the extended period of contract.	6	142.70

12. a) Auditors' Remuneration: (Including Service Tax)

	2013	2012
Statutory Audit Fees (Rs.)	12,9214	12,6845

13. There are no deferred tax assets or liability as envisaged by accounting standard-22 – Accounting for Taxes on Income.

14. Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

15. Tax at source has been deducted & deposited on total payment made to OFDC on account of payment made to OFDC for deposit work.

16. No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company as the same are provided by employer entity, NHAI.

17. Details of toll expenditure

Particulars	Current year (Rs.)	Previous year (Rs.)
Remuneration, Agency Charges, & Reimbursement to DGR Agency	-	-
Electricity Charges	-	-
User Fee Auditor	-	-
TS & ATS Payment	-	-
Other Toll Expenses (including Printing & stationery, Toll Notification, Tender Notification, Insurance etc.)	1,03,792	2,86,277
Total	1,03,792	2,86,277

18. Management is making efforts for the appointing a company secretary as per requirement of section 383A of the Companies Act.

19. SPV being subsidiary of NHAI, employees on pay roll of it are deployed for attending the work of SPV in addition to working for NHAI Projects, no service tax was charged by NHAI. However, opinion is being sought about applicability of the provision of service tax in the light of the clarification issued to ONGC on the applicability of service on staff on deputation by service tax authority.

20. No provision has been made or considered necessary for demand of TDS (TCS) raised by ACIT for A.Y. 2010-2011, A.Y. 2011-2012 & 2012-2013 totaling Rs. 44.06 Lacs. as order in favour of PPRCL has been passed.

21. Previous year's figures have been regrouped rearranged and reclassified wherever deems necessary.

22. As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible Assets. As per the amended system, depreciation on Intangible Assets is to be charged in different years , based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period.

Management is advised that the notified alteration is applicable only to Public Private Partnership companies and not to the company being a PSU. In view thereof, the Management has not considered the changes in the depreciation system, as per the amended Schedule XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained. However, as measure of abundant caution, the management proposes to refer the matter for opinion to the Expert Advisory Committee of ICAI.

23. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956 has been attached herewith.

<u>NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012</u>

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets Note No. 8. Depreciation of Rs. 2147.38 Lacs on Toll Road has been charged in current financial year (Previous year Rs. 2099.77 Lacs).

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. in the ratio 3:1. The Establishment & Administrative Expenses of site Office for 2011-2012 was Rs. 36.97 Lacs out of which Rs. 27.73 Lacs has been transferred to NHAI account and Rs. 9.24 Lacs has been accounted for in the books of the company.

2. Advance include Rs. 475.85 Lacs (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 of hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on minor minerals. No provision has been made in this regard as the matter is pending decision and subjudice.

3. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization hence no payment has been made to them as salary / allowance or otherwise.

4. In the opinion of the Management, current assets, loans and advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

5. The approved cost of the project was Rs. 50000 Lacs. However, the revised cost of Rs. 52542 Lacs had been approved - by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2012.

6. Earnings per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-) Rs. 2.87.

7. No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of interest received from Bank amounting to Rs.29.52 Lacs. The company has earned interest (i) on short term deposit out of idle funds amounting to Rs. 15.24 Lacs & (ii) on toll fee deposit it Rs.14.28 Lacs. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI, amounting to Rs. 5201.20 Lacs on which provision towards TDS (IT.) of Rs. 520.12 Lacs has been made.

8. Current account balance with NHAI (Holding Company) is subject to reconciliation.

9. There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the. basis of approval of the competent authority of NHAI.

10. The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

11. **Contingent Liabilities/Commitments:**

a. The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum & Aggregate (Dispute-1). Liability of Rs. 476 Lacs towards royalty may arise till 31st March 2012 on total consumption of material (previous year 476 Lacs). The matter is in hearing stage at Hon'ble Supreme Court of India. Further, it is to note that a sum of Rs. 476 Lacs has been deposited in favour of "The Registrar, Supreme Court of India" for stay of order. The matter is under sub judice of Hon'ble Supreme Court of India.

b. The dispute "work executed below railing in Bridge Approaches" (Dispute-5) has been settled amicably for Rs. 200.10 Lacs payment of additional cost incurred in the extended period of contract (Dispute-6) is under Arbitration. As per award of 'the Arbitration Tribunal there is no dues payable by PPRCL to M/s HCC Ltd. on account of Dispute-4. The contingent liability on these accounts as on 31.03.2012 is as follow.

c. The contingent liability, noted in Financial Year 2010-11 on account of demand for TCS by Income Tax Department has been finalized & the department has issued order in favour of PPRCL. Hence, no liability is recognized on account of TCS matter in Financial Year 2011-12.

S. No.	Particulars	Dispute No.	Amount (Rs. in Lacs)
1.	Non-reimbursement of increased royalty on sand, Moorum and Aggregate (Rs. 4.76 cr. Have been deposird with Registrar of Hon'ble Supreme Court).	1	476
2.	Change in river bed level for Bridge No. 52/1 & 67/1.	2	752
3.	Cost of excess cement due to mix design for severe condition.	4	-
4.	Work executed below railing in Bridge Approaches	5	-
5.	Payment of additional cost incurred in the extended period of contract.	6	14279

12.

a) Auditor's Remuneration: (Including Service tax)

	2012	2011
Statutory Audit Fees.	1.27 Lacs	1.27 Lacs

b) The expenses incurred on audit purpose (C & AG, Internal & Statutory are booked under "Audit expenses", The same process is being followed consistently since beginning.

13. There are no deferred tax assets or liability as envisaged by accounting standard-22 - Accounting for Taxes on Income.

14. Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

15. Tax at source was not deducted on payment made to OFDC on account of payment made to OFDC for deposit work.

16. No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company.

17. Details of toll expenditure aggregating Rs. 2.86 Lacs

(Amount in Lacs)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Remuneration, Agency Charges, & Reimbursement to DGR agency	-	160.49
Electricity charges	-	3.13
User fee auditor	-	0.84
TS & ATS payment	-	1.80
Other toll expenses (including printing & stationery, toll notification, tender notification, insurance etc.)	2.86	3.67
Total	2.86	170.94

18. Management is making efforts for the appointing a company secretary as per requirement of section 383A of the Companies Act.

19. SPV being subsidiary of NHAI, employees on pay roll of it are deployed for attending the work of SPV in addition to working for NHAI Projects, no service tax was charged by NHAI. However, opinion is being sought about applicability of the provision of service tax in the light of the clarification issued to ONGC on the applicability of service on staff on deputation by service tax authority.

20. No provision has been made. or considered necessary for demand of TDS (TCS) raised by ACIT For A.Y.2010-2011, A.Y. 2011.2012 totaling Rs. 44.06 Lacs as order in favour of PPRCL has been passed.

21. Previous year's figures have been regrouped' rearranged and reclassified wherever deems necessary.

22. Additional information pursuant to Part IV of Schedule VI to companies Act, 1956 has been attached herewith.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets schedule in Schedule 3. Depreciation of Rs.2101.19 Lacs on Toll Road has been charged in current financial year (Previous year Rs. 1658.84 Lacs).

   As per arrangement with NHAI, the Establishment (t Administrative Expenses of site office has been apportioned between NHAI: the company in the ratio 3: 1. The Establishment & Administrative Expenses of site Office for 2010-2011 was Rs.32.07 Lacs out of which Rs.24.05 Lacs has been transferred to NHAI account and Rs.8.02 Lacs has been accounted for in the books of the company.

2. All the Directors of the company arc holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary / allowance or otherwise.

3. In the opinion of the Management, current assets, loans and advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

4. The approved cost of the project was Rs. 50000 Lacs. However, the Revised cost of Rs. 52542 Lacs had been approved - by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2011.

5. Earnings per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-) Rs.1.44.

6. No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of interest t received from Bank amounting to Rs.16.36 Lacs. The company has earned interest (i) on short term deposit out of idle funds amounting to Rs .4.07 Lacs & (ii) on toll fee deposit it Rs.12.79 Lacs. The bank has deducted Rs. 0.09 Lacs towards TDS (IT) during the year. The company has also provided for intcre.st payable on subordinate loan availed from NHAI at provisional rate, amounting to Rs.2032.23 Lacs on which provision towards TDS (LT.) of Rs.203.22 Lacs has been made.

7. Current account balance with NHAI (Holding Company) is subject to reconciliation.

8. There exists no. specific .agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the. basis of approval of the competent authority of NHAI.

9. The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

10. Contingent Liabilities/Commitments:

    a. The contractor has claimed the royalty as per the increased rate (Dispute-i) on the total consumption of Sand, Moorum & Aggregate. Liability of Rs. 476 Lacs towards royalty may arise till 31st March 2011 on total consumption of material (previous year 590 Lacs). The matter is in hearing stage at Hon'ble High Court at Delhi.

    b. The dispute "work executed below railing in Bridge Approaches" (Dispute-5) is under Hon'ble High Court, New Delhi. Payment of additional cost incurred in the extended period of contract (Dispute-6) is under Arbitration. As per award of 'the Arbitration Tribunal there is no dues payable by PPRCL to *Mis* HCC Ltd. on account of Dispute-4. Dispute-1 & 5 have been awarded in favour of claimant, M/s HCC Ltd. The contingent liability on these accounts as on 31.03.2011 is as follow :

S. No.	Particulars	Dispute No.	Amount (Rs. in Lacs)
1.	Non-reimbursement of increased royalty on sand, Moorum and Aggregate	1	476

2.	Change in river bed level for Bridge NO. 52/1 & 67/1.	2	752
3.	Cost of excess cement due to mix design for severe condition.	4	-
4.	Work executed below railing in Bridge Approaches	5	154
5.	Payment of additional cost incurred in the extended period of contract.	6	14279
6.	Demand of TDS (TCS) by Income tax Department.	6	44
	TOTAL		15,705

11. Auditor's Remuneration : (Including Service tax)

	2011	2010
a) Statutory Audit Fees.	1.27 Lacs	1.10 Lacs

b) The expenses incurred on audit purpose (G & AG, Internal & Statutory are booked under "Audit expenses", The same process is being followed consistently since beginning. However, the break up of expenses are as follows :

Expenses for S. Audit : Rs. 0.26 Lacs
Expenses for I. Audit : Rs. 0.21 Lacs
Expenses for CAG Audit : Rs. 0.62 Lacs

12. There are no deferred tax assets or liability as envisaged by accounting standard-22 - Accounting for Taxes on Income.

13. Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

14. Tax at source was not deducted on payment made to OSDC for payment for deposit work aggregating Rs.5702 Lacs under belief that such deduction was not necessary. However, as advised required TDS will be deposited in current year.

15. No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company.

16. Details of sum of Rs.57.03 Lacs was released to *MIs* Orissa Forest Development Corporation Limited in Financial Year 2010-11. Against the advance, full utilization certificate has been received from *MIs* OFDC &. accounted for. Further, it is to mention that only on receipt of deposit from PPRCL, the work is taken up by M/s OFDC. I\s per policies of State Govt. no expenditure against deposit work is incurred by the agency in absence of deposit. Hence, no provision of liability has been considered.

17. Details of toll expenditure aggregating Rs. 170.94 Lacs

(Amount in Lacs)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Remuneration, Agency Charges, & Reimbursement to DGR agency	160.49	130.55
Electricity charges	3.13	3.73
User fee auditor	0.84	-
TS & ATS payment	2.80	3.35

Other toll expenses (including printing & stationery, toll notification, tender notification, insurance etc.)	3.67	10.71
Total	170.94	148.34

18. Management is making efforts for the appointing a company secretary as per requirement of section383A of the Companies Act.

19. SPV being subsidiary of NHAI, employees on pay roll of it are deployed for attending the work of Spy in addition to working for NHAI Projects, no service tax was charged by NHAI. However, opinion is being sought about applicability of the provision of service tax in the light of the clarification issued to ONGC on the applicability of service on staff on deputation by service tax authority.

20. No provision has been made. or considered necessary for demand of TDS (TCS) raised by ACIT For A.Y.2010-2011, A.Y. 2011.2012 totaling Rs. 44.06 Lacs.

21. Previous year's figures have been regrouped' rearranged and reclassified wherever deems necessary.

22. Additional information pursuant to Part IV of Schedule VI to companies Act, 1956 has been attached herewith.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets schedule in Schedule 3. Depreciation of Rs. 1657.45 Lacs has been charged in current financial year (Previous year Rs. Nil).

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI & the company in the ratio 3: 1. The Establishment & Administrative Expenses of site Office for 2009-2010 was Rs. 24.82 Lacs out of which Rs.20.16 Lacs has been transferred to NHAI account and Rs.4.66 Lacs has been accounted for in the books of the company.

2. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary / allowance or otherwise.

3. In the opinion of the Management, current assets, loans and advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

4. The initial completion date of the project was February 18, 2007. An amount of Rs. 7447.48 Lacs has been paid to contractor toward price escalation for the period from the intended completion date till March 2010.

5. The approved cost of the project now stands Rs. 50000 Lacs. The Estimated amount of contracts remaining to be executed on Capital Work is Rs. 512 Lacs excluding escalation & variation.

6. Earnings per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-) Rs.10.77.

7. No provision of Income Tax (Previous year Rs. 6.62 Lacs) has been made in the books of accounts in respect of interest t received from Bank amounting to Rs.3.63 Lacs. The company has earned interest (i) on short term deposit out of idle funds amounting to Rs .0.16 Lacs & (ii) on toll fee deposit it Rs.3.47 Lacs. The company has deposited advance income tax on such interest for Rs 0.04 Lacs the bank has deducted Rs. 0.33 Lacs towards TDS(IT) during the year . The company has also provided for interest payable on loan from NHAI amounting to Rs.1429.94 Lacs on which provision towards TDS (IT) of Rs. 142.99 Lacs has been made.

8. The preliminary expenses of Rs. 24.92 Lacs have been written off in the current financial year, out of total Rs. 124.62 Lacs being 1/5 of total expense.

9. Contingent Liabilities / Commitments (AS-29) :

(a) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum & Aggregate. Liability of Rs. 476 Lacs toward royalty may arise till 31st March 2010 on total consumption of material (previous year 590 Lacs).

(b) The matter of cost of excess cement due to mix design for severe condition & work executed below railing in Bridge Approaches are under arbitration. The contractor's claim on these account as on 31.03.2009 is as follow :

S.No.	Particulars	Amount (Rs. In Lacs)
1.	Change in river level for bridge no.52/1 and 67/1	752
2.	Cost of excess cement due to mix design for severe condition.	-
3.	Work executed below railing in Bridge Approaches	154
	TOTAL	906

10. (a) There are no deferred tax assets or liability as envisaged by accounting standard-22 accounting for taxes of income.

11. Related party disclosure : No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

12. Advance against deposit work reflects a sum of Rs. 283.71 Lacs deposited with State Govt./State Govt. Agencies etc. for relocation of temple, utilities etc . The matter is being pursued with the concerned authorities for early submission of Utilization Certificate for capitalization thereof.

13. Previous year's figures have been regrouped' rearranged and reclassified wherever deems necessary.

14. Additional information pursuant to Part IV of Schedule VI to companies Act, 1956 has been attached herewith.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

1. Expenditure incurred in connection with the project i.e. preoperative expenditure pending allocation to fixed assets on commissioning of the project is included in Capital Work in Progress in Schedule 4.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI & the company in the ratio 3: 1. The total Establishment & Administrative

Expenses of site Office for Rs. 23.01 Lacs out of which Rs. 15.72 Lacs has been transferred to NHAI account and Rs 7,29,583 has been booked in the company.

2. All the Director's of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary / allowance or otherwise.

3. In the opinion of the Management, current assets, loans and advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

4. The initial completion date of the project was February 18, 2007. An escalation of Rs. 6509.81 Lacs has been paid to contractor after initial intended completion date till March 2009.

5. The approved cost of the project now stands Rs. 50000 Lacs. Estimated amount of contracts remaining to be executed on Capital Work is Rs. 2489 Lacs excluding escalation & variation.

6. Since there is no profit / loss, earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been given.

7. Provision for Income Tax amounting to Rs 6,62 Lacs has been made in the books of accounts in respect of Interest received from Bank amounting to Rs 19.48 Lacs.The company has earned interest on short term deposit out of idle funds which amounted to Rs. 19.48 Lacs. The company has deposited advance income tax on such interest Rs. 6.05 Lacs & TDS deducted by bank amounting Rs. 0.62 Lacs. The company has also provided interest on loan from NHAI amounting to Rs. 1927.14 Lacs on which the company has made TDS of Rs. 218.35 Lacs on such interest payment.

8. The balance of vendors / service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said act have not been furnished.

9. Contingent Liabilities / Commitments (AS-29) :

(c) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum & Aggregate. Liability of Rs. 590 Lacs toward royalty may arise till 31st March 2009 on total consumption of material (previous year 805 Lacs).

(d) The matter of cost of excess cement due to mix design for severe condition & work executed below railing in Bridge Approaches are under arbitration. The contractor's claim on these account as on 31.03.2009 is as follow :

S.No.	Particulars	Amount (Rs. In Lacs)
1.	Cost of excess cement due to mix design for severe condition.	174
2.	Work executed below railing in Bridge Approaches	267
	TOTAL	441

(a) There are no deferred tax assets or liability as envisaged by accounting standard-22 accounting for taxes of income.

(b) Related party disclosure : No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

10. The company has paid advance against deposit work a sum of Rs. 280.36 Lacs to State Govt. or State Govt. Agencies for relocation of temple, electrical poles etc. against which the utilization certificates are yet to be received. It is explained to the audit that the matter is being pursued with the concerned for early submission of utilization certificate & capitalization thereof.

11. The company has accounted for the salary payable under 6" pay commission as approved vide NHAI office order No. 11041/262/2008 Admn. Dated 30-10-2008.

14. Previous year's figures have been regrouped' rearranged and reclassified wherever deems necessary.

15. Additional information pursuant to Part IV of Schedule VI to companies Act, 1956 has been attached herewith.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted) (Rs.)*	(2.28)	(2.87)	(2.50)	(10.77)	-
Return on net worth (%)*	-100.03%	-63.03%	-19.39%	1402.73%	-
Net asset value per equity share (Rs.)	2.28	4.55	7.42	- 0.77	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	19.00	19.00	10.94	2.01	2.01
Total number of share outstanding at the end of the year / period (in crore)	19.00	19.00	19.00	2.01	2.01
Debt Equity Ratio	9.44	4.43	2.48	(217.00)	15.57

Notes:

*Since Statement of Profit And Loss has not been prepared for the year ended 2009,these ratios can not be computed.

The ratios have been computed as below:

Earning per Share (Rs.) = Profit after tax / Number of equity shares at the end of the year.

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity shares outstanding at the end of the year.

Debt equity = Total Debt outstanding at the end of the year / Net worth at the end of the year.

PARADIP PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year Ending March 31, 2013

Emphasis of Matter

We draw attention to:

1. Accounting Policy **Revised Note II (f)**: Considering appointed date for commencement of Concession Period as the date of the Concession Agreement, while as per the Concession Agreement, appointed date meant the date on which Financial Close was achieved i.e. 240 days extendable for a further period of 90 days from the date of the Concession Agreement, resulting in reduced span of concession period of 30 years with impact on depreciation charged, on the ground that the Company had not availed any financial assistance other than from the holding company and further that the date of concession agreement has been taken with the approval of Competent Authority and signed by the two parties.

2. **Revised Note No. 2** to the Notes to Accounts forming part of the financial statements not providing liability and carrying amount in advances for amount deposited pursuant to the order of the Hon'ble Supreme Court of India for reason stated.

3. **Revised Note No. 8** to the Notes to Accounts forming part of the financial statements:
Pending reconciliation of balance with the Holding Company of its current account and consequential effect, if any on reconciliation.

4. **Revised Note No. 16** to the Notes to accounts of the financial statements:
Non following as AS 15 in providing liability for retirement benefits of staff of the Holding Company deployed in the Company.

5. **Revised Note No. 18** to the Notes to accounts of the financial statements:
Non compliance of provisions of Section 383 of the Companies Act 1956 in not having a Company Secretary.

6. **Revised Note No. 19** to the Notes to accounts of the financial statements:
Impact, if any on chargeability of Service Tax on staff of the Holding Company deployed in the Company pending result of the opinion being sought.

7. **Revised Note No. 22** to the Notes to accounts of the financial statements:
Depreciation/Amortization of Toll Road has been provided on the same basis as in the preceding years/s instead of method stipulated in Corporate Affairs Notification No. G.S.R. 298 (E) dated 17th April 2012. The changed methodology for Amortization require 'total revenue to be reviewed at the end of each financial year and the projected revenue be adjusted to reflect any changes in the estimate leading to the actual collection at the end of the concession period. The Company continues to amortize Toll Roads by dividing the cost of construction by the concession period of 30 years as done in earlier years. For reasons stated in the note, the notification of change in amortization does not apply to partnership between two public sector undertakings and hence no effect is anticipated.

Our opinion is not qualified in respect of these matters.

Annexure to the Auditor's Report

i) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence clause no. (a), (b) (c) & (d) no applicable.

a. The Company has not taken loans from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 *except the interest-bearing unsecured loan (sub-debt) taken from one of its Holding Company (NHAI). No agreement of terms and conditions has been entered and the interest charged by the lending Company is as approved by the Competent Authority of the Lending Company, which* *we are informed*, has been calculated on the basis of average rate of interest on bank deposits. We are not in a position to give an opinion, whether the rate charged is prima facie prejudicial to the interest of the company or not.

b. *In the absence of any formal loan agreement, we are not able to offer any comment on the regulatory or otherwise of the payment of principal and the interest.*

<u>Year Ending March 31, 2012</u>

1. Without qualifying our report, we draw attention to in reference to Accounting Policies and Notes to Account.

Accounting Policy **Revised Note II (f)**: Considering appointed date for commencement of Concession Period as the date of the Concession Agreement, while as per the Concession Agreement, appointed date meant the date on which Financial Close was achieved i.e. 240 days extendable for a further period of 90 days from the date of the Concession Agreement, resulting in reduced span of concession period of 30 years with impact on depreciation charged, on the ground that the Company had not availed any financial assistance other than from the holding company and further that the date of concession agreement has been taken with the approval of Competent Authority and signed by the two parties.

Revised Note No. 8 to the Notes to Accounts forming part of the financial statements: Pending reconciliation of balance with the Holding Company of its current account and consequential effect, if any on reconciliation.

Revised Note No. 16 to the Notes to accounts of the financial statements:
Non following as AS 15 in providing liability for retirement benefits of staff of the Holding Company deployed in the Company for reason stated.

Revised Note No. 18 to the Notes to accounts of the financial statements:
Non compliance of provisions of Section 383 of the Companies Act 1956 in not having a Company Secretary.

Revised Note No. 19 to the Notes to accounts of the financial statements:
Impact, if any on chargeability of Service Tax on staff of the Holding Company deployed in the Company pending result of the opinion being sought.

Revised Note No. 2 to the Notes to accounts of the financial statements: Not providing liability and carrying amount in advances for amount deposited pursuant to the order of the Hon'ble Supreme Court of India for reason stated

Further subject to:

Considering Rs. 47,26,565/- [previous year Rs. 58,02,758/-] paid to M/s Orissa Forest Development Corporation Limited for part payment of a contract of Deposit Work for Mediation Plantation on Toll Road [on turnkey basis} as revenue expense out of the total value of Rs. 1,16,21,308/- instead of carrying as Capital Work-in-Progress till the contract is completed and handed over {after 2 years from the date of MOU with a minimum survival percentage of 90% subject to occurrence of natural calamities} to the Company pursuance to the Memorandum of Understanding dated 19th May, 2010 remains unexplained.

We further report that had the observation made by us in Para 5 above been considered [without considering the effect of previous year] the loss for the year would have been lower by Rs. 47,26,565/- i.e. Rs. 39,40,27,182 and Capital Work in Progress at Rs. 47,26,565/- against nil amount.

Annexure to the Auditor's Report

i) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence clause no. (a), (b) (c) & (d) no applicable.

a. The Company has not taken loans from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 *except the interest-bearing unsecured loan (sub-debt) taken from one of its Holding Company (NHAI). No agreement of terms and conditions has been entered and the interest charged by the lending Company is as approved by the Competent Authority of the Lending Company, which we are informed*, has been calculated on the basis of average rate of interest on bank deposits. We are not in a position to give an opinion, whether the rate charged is prima facie prejudicial to the interest of the company or not.

b. *In the absence of any formal loan agreement, we are not able to offer any comment on the regulatory or otherwise of the payment of principal and the interest.*

Year Ending March 31, 2011

a) Accounting Policy **Revised II (f)** :- Considering appointed date for commencement of Concession Period as the date of Concession Agreement, while as per the concession agreement, appointed date meant the date on which financial close was achieved i.e. 240 days extendable for a further period of 90 days from the date of the Concession Agreement, resulting in reduced span of concession period of 30 years with impact on depreciation charged on the ground that the company had not availed any financial assistance other than from the holding company.

b) Accounting Policy **Revised II (g)**:- Not capitalization borrowing costs attributable to acquisition or construction of assets added after substantial work was capitalized not in line with AS10 of the ICAI.

c) Providing interest of Rs. 20,32,22,696/- on Subordinate Loan from the Holding Company on an earlier communicated provisional rate basis instead of the final communicated amount of Rs. 34,98,09,558/-, {resulting in short term provision of Rs. 14,65,86,862} including non deduction and deposit of TDS remains unexplained. Further as referred for the subordinate Loan (Unsecured) availed from the Holding Company; no agreement has been entered with lender as to terms & conditions for availment, repayment of loan, rate of interest chargeable, etc. No documentation was shown to us on the modality and rate of interest charged stated to be as approved by the competent authority of the lending company. This is, neither a sound accounting practice nor in line with APII (a) of the Significant Accounting Policy, apart from not disclosing departure from following accrual basis of accounting required to be followed as per AS 1 of ICAI.

d) Pending reconciliation of balance with the Holding Company of its current account, impact on financial statements is not determinable and hence cannot be quantified. Further reducing amount of Rs. 2,80,68,256/- recoverable from Holding Company from Current Liabilities instead of showing in Loans & Advances as recoverable remains unexplained and consequently both Current Liabilities & Loans & Advances understated by Rs. 2,80,68,256/-

e) Non disclosure of outstanding dues, if any, to micro & small enterprises for reasons stated.

f) Non compliance of provisions of the Income Tax Act, 1961 in not deducting tax at source and deposit thereof on the payment made to M/s Orissa Forest Development Corporation Limited, who was awarded contract as a Deposit Work for Meditation Plantation on Toll Road.

g) Non following of AS15 in providing liability for retirement benefits of staff of Holding Company deployed in the company remains unexplained. Financial effect has not been determined and impact on the loss cannot be given.

h) Non compliance of provisions of Sec 383 of Companies Act, 1956 in not having a Company Secretary.

i) Impact, if any on chargeability of Service Tax on staff of the Holding Company deployed in the company pending result of the opinion being sought.

j) No confirmation / documentation was provided in support of Rs. 2,83,70,712/= transferred to NHAI, the Holding Company for amount held as Capital Advance against Deposit Work, which include amounts due since 2003-04 in respect of various works. For want of confirmation, whether the amount is recoverable or not cannot be commented or impact, if any reported.

k) Considering Rs. 58,02,578/= paid to M/s Orissa Forest Development Corporation Limited for part payment of a contract of Deposit Work for Mediation Plantation on Toll Road (on turnkey basis) as revenue expense out of total value of Rs. 1,16,21,308/=, instead of carrying as Capital Work in Progress till the contract is completed and handed over (after 2 years from the date of MOU with a minimum survival percentage of 90% subject to occurrence of natural calamities) to the company pursuance to the memorandum of Understanding dated 19th May, 2010 remains unexplained.

l) In the absence of information, the effect of which cannot be quantified except to the extent specified in above, we are unable to comment on the possible impact of items stated in Para 4(a), (b), (d), (g), (i), (j) & (k) on the loss for the year as per Profit & Loss Account or the state of Affairs as per Balance Sheet as at 31st March, 2011.

m) Proper summarized returns, made up to dates at intervals of not more than three months, as required under section 209 (2) of the Companies Act, 1956 were not sent by the branch office relating to transactions effected at the branch (Project site).

n) The number of Audit Committee, stated to be presided by Mr. E. Venkata Reddy where the accounts for the FY 2010-11 (though period not mentioned in the minutes) are of the meeting held on 23rd December, 2010. Despite having shown the copy of minutes provided to us to the official of the company, no explanation was provided. It appears that no meeting of the ACB was held, where the accounts for the year ended 31.03.2011 was placed. These accounts however were adopted by the board in the meeting held on 23.09.2011. The adopted accounts were submitted to us for our signatures on 30.09.2011 during which period we had raised certain queries and also sent a draft of the Audit Report for information. This was done, since our report was to be a qualified report. We are not aware, whether the draft report was placed before the ACB or to the Board, which was submitted subsequent to the adoption of accounts.

o) The Board Minutes dated 25.03.2011, on demand from M/s Paradip Port Trust for repayment of their equity of Rs. 40 crores as the totaling of the stretch having started referred that in view of market borrowings (which as per records of the company do not appear) as well as sub debt for the project, it was not possible to repay the equity at this stage and hat the same shall be released after payment of market borrowings and sub debts at the first instance. Context In which market borrowings in the board note were recorded remains unexplained.

p) We further report that without considering the items mentioned in paragraph 4(l), the effect of which could not be determined, had the observation made by us above in Para 4(c) been considered, the loss for the year would be have been Rs. 42,01,19,785/= (as against the reported figure of Rs. 27,35,32,923/=) higher by Rs. 14,65,86,862/=, debit balance in Profit & Loss Account under Miscellaneous Expenditure (Assets) would have been Rs.63,60,10,503/= (as against reported figure of Rs. 48,94,23,641/=) and payable to Parent Organization – NHAI under current liabilities at Rs. 11,85,18,606/= (ignoring TDS deductable) as against reported negative (recoverable) figure of Rs. 2,80,68,256/-.

Annexure to the Auditor's Report:-

a. The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence clause no. (a), (b) (c) & (d) is not applicable.

i). The Company has not taken loans from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 *except the interest-bearing unsecured loan (sub-debt) taken from one of its Holding Company (NHAI). No agreement of terms and conditions has been entered and the interest charged by the lending Company is as approved by the Competent Authority of the Lending Company, which we are informed*, has been calculated on the basis of average rate of interest on bank deposits. We are not in a position to give an opinion, whether the rate charged is prima facie prejudicial to the interest of the company or not.

ii). In the absence of any formal loan agreement, we are not able to offer any comment on the regulatory or otherwise of the payment of principal and the interest.

The company has generally been regular in depositing the undisputed statutory dues including provident fund and tax deducted at source except where there is default by the company in deduction / providing of TDS with appropriate authorities and there are no arrears of outstanding statutory dues for a period of more than six months.

(b) According to the information and explanations given to us, the particulars of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty as on 31st March 2011, for a period of more than six months from the date they became payable on account of dispute (without interest) are as under:-

S.No.	Nature of Dues	Period	Amount of Dispute	Forum where dispute is pending
1.	TDS (TCS)	2009-10	Rs. 16, 18,245/-	ACIT (TDS – II) Bhubaneswar
2.	TDS (TCS)	2010-11	Rs. 27, 87,928/-	ACIT (TDS – II) Bhubaneswar

Year Ending March 31, 2010

1. Without qualifying our opinion we draw attention towards the non reconciliation of the balance payable by the company to the parent organization NHAI amounting to Rs. 2602545.47 with the said organization. We have been explained that the reconciliation is being done.

2. Pre operative expenses capitalized during the year include capitalization of Provision for income tax Rs. 9605278.75 and Provision for Fringe Benefit Tax Rs. 46,324.00. In our opinion the aforesaid amounts do not represent expenses, rather provisions of liability.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF TUTICORIN PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Tuticorin Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	S.R. Dinodia & Co.
2011-12	Bhupinder Shah & Co.
2010-11	Bhupinder Shah & Co.
2009-10	Bhupinder Shah & Co.
2008-09	Bhupinder Shah & Co.

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material

regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in “Rs. in Lacs” for the convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into “Rs. in Lacs”.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2013, 2012, 2011, 2010 and 2009 which are reproduced in Annexure VIII.

5. Attention is drawn to the following:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section

10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

TUTICORIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. In Lacs)

Particulars	Notes	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
EQUITY AND LIABILITIES						
SHAREHOLDERS' FUNDS						
(a) Share Capital	2.1	7,662.56	7,662.56	7,436.00	2,005.00	2,005.00
(b)Reserves & Surplus		-	-	-	-	-
(c) Share Application Money pending allotment	2.2	37.44	37.44	4.00	4,995.00	4,995.00
NON-CURRENT LIABILITIES						
(a) Long Term Borrowings	2.3	12,688.92	10,264.92	2,018.00	-	369.00
(b) Other Liabilities	2.4	580.72	582.52	3,246.43	3,242.35	522.89
CURRENT LIABILITIES						
(a) Trade Payables	2.5	217.85	124.23	785.39	-	-
(b) Other Current Liabilities	2.6	6,686.76	2,262.75	542.16	450.89	517.80
(c) Short Term Provisions	2.7	0.62	0.99	-	33.93	1.65
		-	-	-	-	-
		27,874.88	**20,935.41**	**14,031.98**	**10,727.17**	**8,411.34**
ASSETS						
NON-CURRENT ASSETS						
(a) Fixed Assets						
(i) Tangible Assets	2.8	0.68	1.58	2.89	4.20	5.51
(ii) Capital Work in Progress	2.9	24,356.39	17,747.73	8,230.53	4,093.36	4,227.53
(b) Long Term Loans & Advances	2.10	1,117.89	1,110.17	1,110.17	1,110.17	1,110.17
(c) Other Non Current assets	2.11	1,332.71	1,008.28	1,086.37	868.11	1,217.29
CURRENT ASSETS		-	-	-	-	-
(a) Cash and Cash Equivalents	2.12	1,061.8	632.45	2,399.40	4,622.46	1,824.53
(b) Short Term Loans & Advances	2.13	0.08	435.20	1,202.62	0.28	3.18
(c) Other Current Assets	2.14	5.30	-	-	28.58	23.13
TOTAL		**27,874.88**	**20,935.41**	**14,031.98**	**10,727.17**	**8,411.34**

TUTICORIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PRE-OPERATIVE EXPENDITURE ACCOUNT

Annexure-II

(Rs. In Lacs)

Particulars	Notes	For the Year ended March 31, 2013	For the Year ended March 31, 2012	For the Year ended March 31, 2011	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Pre-Operative Income						
Revenue from Operations		-	-	-	-	-
Other Income	2.15	50.40	94.46	275.53	249.29	159.54
TOTAL		**50.40**	**94.46**	**275.53**	**249.29**	**159.54**
Pre-Operative Expenses						
Employees Benefit Expenses	2.16	3.74	3.89	0.01	-	1.03
Financial Cost	2.17	1,294.58	721.59	11.04	0.00	32.48
Depreciation		0.90	1.31	1.31	1.35	1.32
Other Expense	2.18	6.45	6.94	16.36	10.89	5.22
		1,305.68	**733.74**	**28.71**	**12.24**	**40.05**
Excess/(Short) of Preoperative Income Over Expenses		(1,255.28)	(639.28)	246.81	237.05	119.49
Less: Prior Period Adjustment		-	0.75	0.00	0.94	6.44
Net Profit (Loss) before taxation		**(1,255.28)**	**(640.03)**	**246.81**	**236.11**	**113.06**
Provision for taxation						
- Current Tax		2.76	9.83	58.43	83.86	55.69
- Tax adjustment for earlier years		0.29	-	-	-	-
Net Profit (Loss) after taxation		**(1,258.33)**	**(649.86)**	**188.38**	**152.25**	**57.37**
Brought Forward Unallocated excess from last year		(68.39)	581.47	393.09	240.84	183.47
Balance unallocated Excess Carried over to Capital Work in Progress		**(1,326.72)**	**(68.39)**	**581.47**	**393.09**	**240.84**

TUTICORIN PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

S.no	Particulars	For the Year Ending 31.03.2013	Ending 31.03.2012	For the Year Ending 31.03.2011	Ending 31.03.2010	Ending 31.03.2009
	CASH FLOW FROM OPERATING ACTIVITIES					
(A)	**Net Cash generated from Operating Activities (A)**	-	-	-	-	-
	NET CASH FLOW FROM INVESTING ACTIVITIES					
	Interest Income	50.40	94.46	275.52	249.29	159.10
	Interest Transferred to Capital Work in Progress	(50.40)	(94.46)	(275.52)	(249.29)	(159.10)
	Finance Expenses Transferred to Capital Work in Progress	1,294.54	721.57	11.02	-	32.47
	Increase In Fixed Assets	0.90	1.31	1.31	1.31	(0.93)
	Increase /-Decrease in Capital Work in Progress	(6,608.66)	(9,517.20)	(4,137.17)	134.17	(195.59)
	Other current liabilities	4,517.50	1,066.98	936.53	17.92	93.75
	Other current assets	(5.30)	-	28.58	(5.45)	(23.13)
	Increase/Decrease in long term advances	(7.72)	-	-	-	(0.02)
	Increase/Decrease in short term advances	435.12	767.42	(1,202.34)	2.90	180.82
	Other Non Current assets	(324.44)	78.09	(218.25)	349.17	(216.11)
	Other Long Term Liablities	(1.80)	(2,663.91)	4.07	2,719.47	(12.68)
	Income Tax Paid	(0.24)	(6.56)	(93.80)	(52.55)	(69.75)
(B)	**Net Cash (used) in Investing Activities (B)**	**(700.09)**	**(9,552.31)**	**(4,670.04)**	**3,166.93**	**(211.16)**
	CASH FLOW FROM FINANCING ACTIVITIES					
	Finance expense paid	(1,294.54)	(721.57)	(11.02)	-	(32.47)
	Proceeds from Issuance of Share Capital	-	226.56	5,431.00	-	-
	Increase in Share application money pending allotment	-	-	-	-	-
	Proceeds from long term borrowings	2,424.00	8,246.92	2,018.00	(369.00)	-
	Share Application Money Returned	-	33.44	(4,991.00)	-	-
(C)	**Net Cash (used) in Financing Activities (C)**	**1,129.46**	**7,785.35**	**2,446.98**	**(369.00)**	**(32.47)**
	Increase in Cash and equivalent (A+B+C)	429.37	(1,766.95)	(2,223.06)	2,797.93	(243.63)
	Cash & cash equivalents at the beginning of the year	632.45	2,399.40	4,622.46	1,824.53	2,068.16
	Cash & cash equivalents at the end of the year	**1,061.82**	**632.45**	**2,399.40**	**4,622.46**	**1,824.53**

TUTICORIN PORT ROAD COMPANY LIMITED
REFORMATTED NOTES TO FINANCIALS STATEMENTS OF ASSETS AND LIABILITIES

Annexure-IV
(Figures in lacs)

	Particulars	31st March 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
2.1	**Share Capital**					
	Authorized	7,700.00	7,700.00	7,440.00	7,000.00	7,000.00
	Issued, Subscribed and Paid-up	7,662.56	7,662.56	7,436.00	2,005.00	2,005.00
		7,662.56	**7,662.56**	**7,436.00**	**2,005.00**	**2,005.00**

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	766.26	7,662.56	743.60	7,436.00
Fresh issue of shares during the year	-	-	22.66	226.56
Outstanding at the end of the year	**766.26**	**7,662.56**	**766.26**	**7,662.56**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	200.50	2,005.00	200.50	2,005.00	200.50	2,005.00
Fresh issue of shares during the year	543.10	5,431.00		-	-	-
Outstanding at the end of the year	**743.60**	**7,436.00**	**200.50**	**2,005.00**	**200.50**	**2,005.00**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	693.60	90.52%	693.60	90.52%
Tuticorin Port Trust	72.66	9.48%	72.66	9.48%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India	693.60	93.28%	200.50	10%	200.50	10%
Tuticorin Port Trust	50.00	6.72%	-	-	-	-

		2013	2012	2011	2010	2009
2.2	**Share Application Money Pending Allotment**	37.44	37.44	4.00	4,995.00	4,995.00

(Rs. In Lacs)

		31st March 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
2.3	**Long-term borrowings**	Amount	Amount	Amount	Amount	Amount
	Unsecured Loans					
	Sub-debt From NHAI	12,688.92	10,264.92	2,018.00	-	369.00

	Total	**12,688.92**	**10,264.92**	**2,018.00**	**-**	**369.00**
2.4	**Non Current Liabilities**					
	Retention Money	230.89	230.89	230.89	230.89	236.13
	Security Deposit From State Government Agencies	13.35	13.35	13.35	13.35	13.35
	Bank Guarantee Encashed(Contractor and Consultant)	65.26	65.26	2,716.93	2,716.93	-
	Sundry Creditors-Contractors & Consultants	271.22	273.02	285.26	281.18	273.41
		-	-	-	-	-
	Total	**580.72**	**582.52**	**3,246.43**	**3,242.35**	**522.89**

(Rs. In Lacs)

		31st March 2013 Amount	31st March 2012 Amount	31st March 2011 Amount	31st March 2010 Amount	31st March 2009 Amount
2.5	**Trade Payable**					
	Sundry Creditors					
	-Others	217.85	124.23	785.39	-	-
		217.85	**124.23**	**785.39**	**-**	**-**
2.6	**Other Current Liabilities**					
	Interst Payable on Borrowings	1,824.42	659.34	9.92	-	67.74
	Retention Money-Transtroy OSJC-JV	25.16	782.61	261.61	-	-
	Duties And Taxes Payable	141.22	79.60	45.54	2.78	9.21
	Salary and wages payable	-	-	-	-	-
	Share Application money (Refundable)	4,670.00	736.00	222.56	436.00	436.00
	Other Liabilities	25.97	5.21	2.53	12.11	4.86
	Total	**6,686.76**	**2,262.75**	**542.16**	**450.89**	**517.80**
2.7	**Short-term Provisions**					
	Provision for Tax (net of advance tax)	0.62	0.99	58.43	33.93	1.68
	Provision for Fringe Benefit Tax	-	-	-	-	(0.03)
	Total	**0.62**	**0.99**	**-**	**33.93**	**1.65**

Notes: 2.8

Calculation Accordance with SLM Method

Annexure-IV

(Rs. In Lacs)

Sl.	Particulars	Depreciation Rate	W.D.V as on 31.03.2013	W.D.V as on 31.03.2012	W.D.V as on 31.03.2011	W.D.V as on 31.03.2010	W.D.V as on 31.03.2009
1	Furniture & Fixture	6.33%	0.07	0.08	0.08	0.09	0.10
2	**Plant & Machinery**						
	a) Computer & EDP Equipments (Note:2)	16.21%	-	0.84	2.08	3.33	4.57
	b) Computer Software (Office Equipment)	16.21%	0.01	0.03	0.04	0.06	0.07
	c)Xerox Machine (Office Equipment)	4.75%	0.43	0.46	0.48	0.51	0.54
	d)Fax Mchine (Office Equipment)	4.75%	0.11	0.11	0.12	0.13	0.13
	e)Celluar Phone (Office Equipment)	4.75%	0.07	0.07	0.08	0.08	0.09
	f)Office Equipments-Others	4.75%	-	-	-	-	-
	Total		**0.68**	**1.58**	**2.89**	**4.20**	**5.51**

2.9	**Capital Work In Progress**					
	Capital Work In Progress at Site	23,029.67	17,679.34	8,812.00	4,486.45	4,468.37
	Unallocated Pre-Operative Expenditure	1,326.72	68.39	(581.47)	(393.09)	(240.84)
	Total	**24,356.39**	**17,747.73**	**823,052,977.00**	**4,093.36**	**4,227.53**
2.10	**Long-term Loans and Advances**					
	(Unsecured, Considered good, unless otherwise stated)	-	-	-	-	-
	Advance recoverable in cash & kind	0.97	-	-	-	-
	Advance against deposit work	6.77	-	-	-	-
	Mecon GEA(JV)	1,110.15	1,110.15	1,110.15	1,110.15	1,110.15
	Security Deposits with Government, Public Bodies, Others etc.	-	0.02	0.02	0.02	0.02
	Total	**1,117.89**	**1,110.17**	**1,110.17**	**1,110.17**	**1,110.17**
2.11	**Non Current Assets**					
	Recoverable From NHAI	1,274.22	958.28	1,038.20	821.24	1,170.41
	Claim/Exps. Recoverable	11.61	3.12	1.29	-	-
	Preliminary Expenses	46.88	46.88	46.88	46.88	46.88
	Mecon GEA(JV)	-	-	-	-	-
	Total	**1,332.71**	**1,008.28**	**1,086.37**	**868.11**	**1,217.29**
2.12	**Cash and Bank Balances**					
	Cash and Cash Equivalents					
	Balance with Schedule Bank in Current A/c.					
	Canara Bank,Tuticorin	655.60	24.00	30.84	105.21	27.89
	Canara Bank, Delhi	5.54	7.95	39.03	-	-
	Fixed Deposits With Bank	400.68	600.50	2,329.54	4,517.26	1,796.64
	Cash In Hand	-	-	-	-	-
	Total	**1,061.82**	**632.45**	**2,399.40**	**4,622.46**	**1,824.53**
2.13	**Short-term Loans and Advances**					
	(Unsecured, Considered good, unless otherwise stated)					
	Deposits with Government, Public Bodies, Others etc.	-	0.13	1.57	-	-
	Advances to Consultants & Contractors	-	351.29	1,201.05	-	-
	Other deposit	0.08	-	-	-	-
	Advance recoverable in cash or in kind or value to be received	-	-	-	0.28	3.18
	Advance For Utility Shifting	-	83.79	-	-	-
	Total	**0.08**	**435.20**	**1,202.62**	**0.28**	**3.18**
2.14	**Other Current Assets**					
	Others	5.30	-	-	-	-
	Interest on Fixed Deposit	-	-	-	28.58	23.13
	Total	**5.30**	**-**	**-**	**28.58**	**23.13**

TUTICORIN PORT ROAD COMPANY LIMITED
REFORMATTED NOTES TO FINANCIAL STATEMENTS FOR PREOPERATIVE EXPENDITURE

Annexure-V
(Rs. In Lacs)

		For the Year ended March 31, 2013	For the Year ended March 31, 2012	For the Year ended March 31, 2011	For the Year ended March 31, 2010	For the Year ended March 31, 2009
2.15	**Other Income**					
	Interest on Advance to Contractor	-	62.65	99.62	-	-
	Interest on FDR	8.95	12.77	175.91	236.94	159.10
	Interest on land acquisition Account	41.45	-	-	-	-
	Other Income	0.00	0.00	0.00	12.35	0.44
	Interest on Bank Deposits	-	19.04	-	-	-
		50.40	**94.46**	**275.53**	**249.29**	**159.54**

(Rs. In Lacs)

		For the Year ended March 31, 2013	For the Year ended March 31, 2012	For the Year ended March 31, 2011	For the Year ended March 31, 2010	For the Year ended March 31, 2009
2.16	**Employees' Benefit Expenses**					
	Salary & Wages	3.74	3.89	-	-	0.99
	Refreshment Expnenses	-	0.00	0.01	-	-
	CPF Contribution - company employes	-	-	-	-	0.02
	CPF Contributation - Deputation	-	-	-	-	0.01
		3.74	**3.89**	**0.01**	**-**	**1.03**

(Rs. In Lacs)

		For the Year ended March 31, 2013	For the Year ended March 31, 2012	For the Year ended March 31, 2011	For the Year ended March 31, 2010	For the Year ended March 31, 2009
2.17	**Financial Cost**					
	Interest on Sub-Debt	1,294.54	721.57	11.02	-	32.47
	Bank Charges	0.05	0.02	0.02	0.00	0.01
		1,294.58	**721.59**	**11.04**	**0.00**	**32.48**

(Rs. In Lacs)

		For the Year ended March 31, 2013	For the Year ended March 31, 2012	For the Year ended March 31, 2011	For the Year ended March 31, 2010	For the Year ended March 31, 2009
2.18	**Other Expenses**					
	Audit Expense	-	-	0.41	0.80	0.81
	Concession to NHAI	0.00	0.00	0.00	0.00	0.00
	Filling Fee	1.15	1.34	0.08	0.35	0.18
	Insurance -Others	0.00	0.14	-	-	0.02
	Internal Audit Fees	0.99	0.99	1.07	0.84	0.84
	Interst On Income Tax	0.15	0.70	-	-	-
	Legal & Professioanl Charges	2.43	2.43	3.51	3.10	1.23
	Local Conveyance	-	0.02	0.01	0.02	0.01
	Postage & Couriers	-	0.01	0.00	0.02	0.01
	Printing & Stationery	-	0.21	0.03	0.04	0.02
	Repairs & Maintanance	-	0.02	0.00	-	0.10
	Share Issue Expense	-	-	8.29	-	-
	Security Expenses(8604)	-	-	1.89	1.54	0.37
	Statutory Audit Fee	0.97	0.94	0.94	0.77	0.79
	Travelling Expenses (India) (8301)	0.21	0.15	0.01	0.15	0.52
	Telephone & Telex	-	-	0.10	0.07	0.06
	Advertisement expenses	-	-	-	3.04	-
	Others	0.54	-	-	0.14	0.26
		6.45	**6.94**	**16.36**	**10.89**	**5.22**

TUTICORIN PORT ROAD COMPANY LIMITED

ANNEXURE -VI

SIGNIFICANT ACCOUNTING POLICIES AS ON (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

BACKGROUND

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Tuticorin Port Road Company Limited. Port connectivity project under the "Build-Operate–Transfer"(BOT) basis. A concession agreement entered between the company and the National Highway Authority of India (NHAI) will confer the right to the company to implement the project and levy toll/ user charges over the long concession period after completion of construction.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

The financial statements have been prepared and presented under the historical cost convention on the accrual basis i.e. mercantile system of accounting and on the basis of going concern with the accounting principles generally accepted in India 'GAAP' and comply with the mandatory Accounting Standards, Guidance Notes and other pronouncements issued by The Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956. Historical costs are not adjusted to reflect the changing value in the purchasing power of money.

1.2 FIXED ASSETS (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

Fixed assets, other than project assets, are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation till the end of financial year. Cost is inclusive of freight, duties, levies, installation expenses and any directly attributable cost of bringing the assets to their working condition for intended use which are capitalized till the assets are ready to be put to use.

The various direct expenses for project under execution are capitalized under ' Capital Work In Progress' in Schedule 4. Other expenditure incurred in connection with the Project i.e. pre- operative expenditure pending allocation to fixed assets on commissioning of the project are also included in Capital Work In Progress.

1.3 DEPRECIATION (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

Depreciation on fixed assets, other than project assets, of the company has been charged on straight line method in the manner and at the rates specified in schedule XIV of the Companies Act, 1956.

Depreciation on Project assets will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

1.4 EMPLOYEES BENEFITS (31ST MARCH 2013, 2012, 2011, 2010 and 2009)

No provision has been made for gratuity, leave encashment and other retirement benefits as company does not have any employee as on that date. The entire Directors' of the company are holding office in company as nominee's of NHAI/ Tuticorin Port Trust. No payment has been made to them as salary/ allowance.

1.5 BORROWING COSTS (31ST MARCH 2013)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets are capitalized as part of the cost of such assets, to the extent they relate to the period till such assets are put to use. Other Borrowing costs are charged to Profit and Loss Account.

1.6 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (31ST MARCH 2013)

Provisions

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation. Provisions are determined based upon-management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed.

1.7 TAXES ON INCOME (31ST MARCH, 2011, 2010 and 2009)

Provision for income tax comprises of current tax and deferred tax charge or release in compliance of Accounting Standard 22 issued by the Institute of Chartered Accountants of India. Current income tax, if any, is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred tax, if any, is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income and expenditure that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is ―virtual certainty□ that sufficient future taxable income will be available against which such deferred tax assets will be realized.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. **Contingent Liability**:
MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. The company had invoked the bank guarantees furnished by the contractor and encashed ` 27,16,92,851/- during the financial year 2009-10 out of which a sum of ` 26,51,67,225/- was deposited to respondents bank during the FY 2011-12 to enable him to take fresh Bank Guarantee in favour of the Company. Contingent liability in respect of terminated contract ascertained at ` 21.00 crores.

2 Since Statement of Profit and Loss has not been prepared, Earning Per Share in pursuance to Accounting Standard 20 issued by the Accounting Standard Rules,2006 has not been given.

3 In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated.

4 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

5 In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6 The Company has received the share application money of Rs. 293,400,000/- from NHAI and Rs. 177,344,000/- from Tuticorin Port Trust which are pending for allotment as on Balance Sheet date. The Company has not provided the interest on pending amount of share application money as required by the notification dated 14.12.2011 under the Unlisted Public Company (preferential allotment) Rule, 2003. The Company is in process to allot the share against the share application money received during the FY 2013-14.

(a)

Related Party Transactions:

Description of relationship	Names of Related Parties
Entity having significant influence in the company	National Highway Authority of India

(b)

Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

Particulars	Entity having significant influence	
Loans Taken	**2012-13**	**2011-12**
Unsecured Loan:		
Opening Balance	1,02,64,92,356	20,18,00,000
Amount Taken	24,24,00,000	82,46,92,356
Amount Repaid	-	-
Balance Outstanding	**1,26,88,92,356**	**1,02,64,92,356**
Interest on above loan:		
Opening Balance	6,59,33,565	9,92,140
Interest Repaid	-	-
Interest during the year	11,65,08,160	6,49,41,425
Balance Outstanding	**18,24,41,725**	**6,59,33,565**

8 TRANSACTIONS WITH NHAI

The share capital of ` 76,62,56,000/-includes ` 69,36,00,000/- held by NHAI.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery.

Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/ documents to NHAI who is accounting for the same in their books in financial year 2013-14. As per the books of the company amount recoverable from NHAI is ` 12,74,22,227/- whereas the same as per the books of NHAI is ` 12,59,35,367/-

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

The company has taken loan amounting to `1,45,13,34,081/- (including interest of ` 18,24,41,725) from NHAI.

9 Cost of Project

The initial estimated cost at the time of initiation of the project was Rs. 231.20 crores and it was scheduled to be completed before August 2006. However, there has been delayed and project is rescheduled for completion in May 2013 with revised cost of Rs. 349.50 crores. As per the revised project cost the status of capital commitment is as under,

Organization		Equity	Sub-debt	Borrowing	LA & Utility shifting	Total (in crores)
NHAI	Commitment	98.70	131.6	62.51	20.5	313.31
	Recd. as on 31st March,13	98.70**	126.90*	-	-	225.60
TPT	Commitment	36.19	-	-	-	36.19
	Recd. as on 31st March,13	25.00***	-	-	-	25.00

* The amount of sub-debt of Rs. 126.90 crores is net of interest.
** Out of ` 98.70 crores recd. from NHAI ` 29.34 crores consist of share application money received during FY 2012-13 which is pending for allotment as on Balance Sheet date.

*** Out of ` 25.00 crores recd. from Tuticorin Port Trust ` 17.73 crores consist of share application money received during FY 2011-12 & FY 2012-13 which is pending for allotment as on Balance Sheet date.

10 **Current Status of the Project**

i) The Provisional Completion Certificate for Balance work of four laning and strengthening of existing 2 of Tirunelveli-Tuticorin road from Km. 4/300 to 51/200 of NH-7A in Tamil Nadu section from Palayamkottai to Thoothukdi Port was issued on 23.01.2013 vide supervision consultant Lr. No. SLINFRA/100854/TSIL/2009/1899 dated 23.01.2013 with defect liability period ending on 23.01.2014.

ii) The snag list for the outstanding works as on 23.01.2013 was targeted to be completed on 31.05.2013 where in 60% of the balance work were completed and leaving 40% is hindered due to various reasons like pipeline utility shifting which will be completed before the Defect Liability Period is over.

iii) After completion of all the works including construction of permanent Toll Plaza and sang list, the engineer of the supervision consultant has to certify that work have been completed in all aspects and the Team Leader has to issue Substantial Completion Certificate.

11 No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

12 The company has not appointed full time company secretary during the year as required by section 383A of The companies act,1956.

13 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

14 Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. TRANSACTIONS WITH NHAI

The share capital of Rs. 7662.56 Lacs includes Rs. 6936 Lacs held by NHAI.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery.

Account with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/ documents to NHAI who is accounting for the same in their books in financial year 2012-13.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

The company has taken loan amounting to Rs. 10924.26 Lacs (including interest of Rs. 659.34 from NHAI.

2. CAPITAL COMMITMENT

The initial estimated cost at the time of initiation of the project was Rs. 23120 Lacs. However, there has been escalation in the project cost due to various reasons to Rs. 34950 Lacs. As per the revised project cost the status of the capital commitment is as under,

Rs. in Lacs

Organization		Equity	Sub-dent	Borrowing	LA & Utility shifting	Total
NHAI	Commitment	9870	13160	6251	2050	**31331**
	Recd. As on 31st March, 12	6936	10265*	-	-	**17201**
TPT	Commitment	3619	-	-	-	**3619**
	Recd. As on 31st March, 12	1500**	-	-	-	**1500**

* The amount of sub-debt of Rs. 10265 Lacs is net of interest.

** Out of Rs. 1500 Lacs recd. From Tuticorin Port Trust Rs. 773 Lacs consist of share application money recd. During FY 2011-12 this is pending for allotment as on balance sheet date.

3. CURRENT STATUS OF THE PROJECT

Balance work of project of four laning and strengthening of existing 2-lanes of Tirunelveli – Tuticorin road from km. 4+300 to km. 51+200 of NH-7A in Tamilnadu has been awarded to M/s Transstroy – OJSC (JV) which has been commenced on 26th April, 2010. Work is in progress in 15.0 Km out of 46.90 Km. Structures works has started. Work is expected to complete in April, 2012.

4. CONTINGENT LIABILITIES

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. As per the books of the company, net amount recoverable from the contractor as on 31st March, 2012 is Rs. 621.75 Lacs (Debit) without considering encashed bank guarantees. The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 2716.93 Lacs during the financial year 2009-10 out of which a sum of Rs. 2651.67 Lacs was deposited to respondents bank during the year under audit to enable him to take fresh Bank Guarantee in favour of the Company Contingent liability in respect of terminated contract ascertained at Rs. 2100 Lacs.

The company has preferred appeal against the assessment and other orders of the Income Tax authorities. The liabilities, if any, arising thereof, shall be accounted for on the final outcome.

5. OTHERS

Since Profit and Loss Account has not been prepared, Earning Per Share in pursuance to Accounting Standard 20 issued by the Institute of Chartered Accountants of India has not been given.

In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

The company is updating its statutory records required to be maintained under the Companies Act, 1956 and rules there under.

The company had no amounts outstanding to enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

Figures of previous accounting year have been regrouped, rearranged, recasted and reclassified, wherever necessary to confirm to current years' classification.

Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. **TRANSACTIONS WITH NHAI**

The share capital of Rs. 7436 Lacs includes Rs. 6936 Lacs held by NHAI out of which allotment amounting to Rs.4931 Lacs was made during the year.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery. The total amount recoverable from NHAI as on 31st March, 2011 was Rs. 1038.20 Lacs which is being claimed as reimbursement by the company.

Account with NHAI was not reconciled since NHAI had not accounted for payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had since sent the necessary advice/ documents to NHAI who is accounting for the same in their books in financial year 2010-11.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

During the year company had taken loan amounting to Rs. 2027.92 Lacs from NHAI.

2. CAPITAL COMMITMENT

The initial estimated cost at the time of initiation of the project was Rs. 23120 Lacs. However, there has been escalation in the project cost due to various reasons to Rs. 36300 Lacs. As per the revised project cost the status of the capital commitment is as under,

Rs. in Lacs

Organization		Equity	Sub-dent	Borrowing	LA & Utility shifting	Total
NHAI	Commitment	9870	13160	6251	2050	**31330**
	Recd. As on 31st March, 11	6936	2018*	-	-	**8964**
VPT	Commitment	3619	-	-	-	**3619**
	Recd. As on 31st March, 11	727**	-	-	-	**727**

* The amount of sub-debt of Rs. 2018 is net of interest.

** Out of Rs. 727 Lacs recd. From Tuticorin Port Trust Rs. 227 Lacs consist of share application money recd. During FY 2010-11 this has been allotted during FY 11-12.

3. UNPAID STATUTORY LIABILITIES

Labour welfare cess payable as on 31st March, 2011 amounting to Rs. 1 Lacs is unpaid as the management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only.

4. CURRENT STATUS OF THE PROJECT

Balance work of project of four laning and strengthening of existing 2-lanes of Tirunelveli – Tuticorin road from km. 4+300 to km. 51+200 of NH-7A in Tamilnadu has been awarded to M/s Transstroy – OJSC (JV) which has been commenced on 26th April, 2010. Work is in progress in 15.0 Km out of 46.90 Km. Structures works has started. Work is expected to complete in April, 2012.

5. CONTINGENT LIABILITIES

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. As per the books of the company, net amount recoverable from the contractor as on 31st March, 2010 is Rs. 619.86 Lacs (Debit) without considering encashed bank guarantees. The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 2716.92 Lacs during the financial year 2009-10 which is shown as liability. Contingent liability in respect of terminated contract ascertained at Rs. 2100 Lacs.

The company has preferred appeal against the assessment and other orders of the Income Tax authorities. The liabilities, if any, arising thereof, shall be accounted for on the final outcome.

6. OTHERS

Since Profit and Loss Account has not been prepared, Earning per Share in pursuance to Accounting Standard 20 issued by the Institute of Chartered Accountants of India has not been given.

In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

The company is updating its statutory records required to be maintained under the Companies Act, 1956 and rules there under.

The company had no amounts outstanding to enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

Figures of previous accounting year have been regrouped, rearranged, recasted and reclassified, wherever necessary to confirm to current years' classification.

Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. TRANSACTIONS WITH NHAI

The entire share capital of Rs. 2005 Lacs is held by NHAI. It has also given share application money of Rs. 4931 Lacs which is pending allotment.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery. The total amount recoverable from NHAI as on 31st March, 2010 was Rs. 821.24 Lacs which is being claimed as reimbursement by the company.

Account with NHAI was not reconciled since NHAI had not accounted for payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had since sent the necessary advice/ documents to NHAI who is accounting for the same in their books in financial year 2010-11.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

2. UNPAID STATUTORY LIABILITIES

Works contract tax payable as on 31st March, 2010 amounting to Rs. 1.57 Lacs is unpaid as the management of the company is of the opinion that the same is payable to government authorities only at the time of making payment of the relevant amount to the contractor and labour welfare cess payable as on 31st March, 2010 amounting to Rs. 1 Lacs is unpaid as the management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only.

3. CURRENT STATUS OF THE PROJECT

Balance work of project of four laning and strengthening of existing 2-lanes of Tirunelveli – Tuticorin road from km. 4+300 to km. 51+200 of NH-7A in Tamilnadu has been awarded to M/s Transstroy – OJSC (JV) which has been commenced on 26th April, 2010. Work is in progress in 15.0 Km out of 46.90 Km. Structures works has started. Work is expected to complete in April, 2012.

4. CONTINGENT LIABILITIES

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. As per the books of the company, net amount recoverable from the contractor as on 31st March, 2010 is Rs. 618.77 Lacs (Debit) without considering encashed bank guarantees. The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 2716.93 Lacs during the financial year 2009-10 which is shown as liability. Contingent liability in respect of terminated contract could not be ascertained until the decision by the competent court of law/authority on the suit filed by the contractor.

Estimated amount of unexecuted capital contracts (net of advances and deposits) in respect of fresh contract awarded amounts to Rs. 18220.28 Lacs.

The company has preferred appeal against the assessment and other orders of the Income Tax authorities. The liabilities, if any, arising thereof, shall be accounted for on the final outcome.

5. OTHERS

Since Profit and Loss Account has not been prepared, Earning per Share in pursuance to Accounting Standard 20 issued by the Institute of Chartered Accountants of India has not been given.

In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

The company is updating its statutory records required to be maintained under the Companies Act, 1956 and rules there under.

The company had no amounts outstanding to enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

Figures of previous accounting year have been regrouped, rearranged, recasted and reclassified, wherever necessary to confirm to current years' classification.

Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. TRANSACTIONS WITH NHAI

The entire share capital of Rs. 2005 Lacs is held by NHAI. It has also given share application money of Rs. 4931 Lacs which is pending allotment.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery. The total amount recoverable from NHAI as on 31st March, 2009 was Rs. 1170.41 Lacs which is being claimed as reimbursement by the company.

Interest amounting to Rs. 32.47 Lacs (previous year Rs. 28.63 Lacs) has been provided on sub-debt of Rs. 369 Lacs received from NHAI and the same is being shown as pre-operative expenditure pending allocation to fixed assets on commissioning of the project in accordance with Accounting Standard 16 issued by the Institute of Chartered Accountants of India.

Account with NHAI was not reconciled since NHAI had not accounted for payment of Rs. 190.66 Lacs made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had since sent the necessary advice/ documents to NHAI who is accounting for the same in their books in current year i.e. financial year 2009-10.

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

2. UNPAID STATUTORY LIABILITIES

Work contact tax payable as on 31st March, 2009 amounting to Rs. 1.57 Lacs is unpaid as the management of the company is of the opinion that the same is payable to government authorities only at the time of making payment of the relevant amount to the contractor and labour welfare cess payable as on 31st March, 2009 amounting to Rs. 1 Lacs is unpaid as the management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only.

3. CONTINGENT LIABILITIES

MECON & GEA (JV), the main contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. As per the books of the company, net amount recoverable from the contractor as on 31st March, 2009 is Rs. 618.64 Lacs (Debit). The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 2651.67 Lacs during the financial year 2009-10 so far. Contingent liability in this respect could not be ascertained until the decision by the competent court of law on the suit filed by the contractor.

Estimated amount of unexecuted capital contracts (net of advances and deposits) could not be ascertained as the contract had been terminated and fresh contract is yet to be awarded.

The company has preferred appeal against the assessment and other orders of the Income Tax authorities. The liabilities, if any, arising thereof, shall be accounted for on the final outcome.

4. OTHERS

Since Profit and Loss Account has not been prepared, Earning Per Share in pursuance to Accounting Standard 20 issued by the Institute of Chartered Accountants of India has not been given.

In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

The company is updating its statutory records required to be maintained under the Companies Act, 1956 and rules there under.

The company had no amounts outstanding to enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

Figures of previous accounting year have been regrouped, rearranged, recasted and reclassified, wherever necessary to confirm to current years' classification.

Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted) (Rs.)*	-	-	-	-	-
Return on net worth (%)*	-	-	-	-	-
Net asset value per equity share (Rs.)	10.00	10.00	10.00	10.00	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	7.66	7.44	3.48	2.01	2.01
Total number of share outstanding at the end of the year / period (in crore)	7.66	7.66	7.44	2.01	2.01
Debt Equity Ratio	1.66	1.34	0.27	-	0.18

Notes:*
Since Statement of Profit And Loss has not been prepared,these ratios can not be computed.

The ratios have been computed as below:

Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

TUTICORIN PORT ROAD COMPANY LIMITED

Annexure - VIII

Qualification/Emphasis of Matter paragraph to Auditors' Reports:

Year ending March 31, 2013

(a) We draw our attention to **Revised Note No.4** to the Notes to Accounts forming part of the financial statements where the Company has received the share application money of Rs. 293,400,000/- from NHAI and Rs. 177,344,000/- from Tuticorin Port Trust which are pending for allotment as on Balance Sheet date. The company has not provided the interest on pending amount of share application money as required by the notification dated 14.2.2011 under the Unlisted Public Company (preferential allotment) Rule, 2003. The company is in process to allot the share during the financial year 2013-14 against the share application money received. Our opinion is not qualified in respect of this matter.

(b) We draw our attention to **Revised Note No.8** to the Notes to Accounts forming part of the financial statements where the Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/documents to NHAI who is accounting for the same in their books in Financial Year 2013-14. As per the books of NHAI is Rs. 12,59,35,367/- . Our opinion is not qualified in respect of this matter.

(c) We draw our attention to **Revised Note No.9** to the Notes to Accounts forming part of the financial statements where the initial estimated cost at the time of initiation of the project was Rs. 231.20 crores and it was scheduled to be completed before August, 2006. However, there has been delayed and project is rescheduled for completion in May, 2013 with revised cost of Rs. 349.50 crores. Our opinion is not qualified in respect of this matter.

(d) We draw our attention to **Revised Note No.12** to the Notes to Accounts forming part of the financial statements where the company has not appointed full time company secretary during the year which in contravention to the section 383A of the companies Act, 1956. Our opinion is not qualified in respect of this matter.

Year ending March 31, 2012

Without qualifying our report, we draw attention to the following adverse observations and remarks:

1. NOT DRAWN STRICTLY IN ACCORDANCE WITH REVISED SCHEDULE VI

The financial statements are not drawn strictly in accordance with Revised Schedule VI of the Companies Act, 1956 as to presentation and classification.

2. NON-DISCHARGE OF VAT LIABILITY BY THE CONTRACTOR

It was reported in the last year's audit report "that the contractor has not discharged its VAT liability in respect of the contract undertaken for the company. The VAT liability has not been remitted into state exchequer by the contractor upto the date of signing the report even after our pointing out."

Follow up action:
The contractor had deposited Rs. 3.56 crores to state exchequer consequent upon our audit findings as evident from the VAT deposit challans submitted by the contractor.

3. AMOUNT RECOVERABLE FROM NATIONAL HIGHWAYS AUTHORITY OF INDIA

The company shows a debit outstanding i.e. amount recoverable from NHAI as on 31-03-2012 at Rs. 9,58,27,614/-. NHAI has confirmed credit of Rs.94,298,501/- only. The company has incurred certain expenses aggregating to Rs.20,03,687/- on behalf of NHAI in financial year(s) 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10 which have not been responded by NHAI. Our enquiry from NHAI has revealed that the management of company has not provided NHAI the requisite documentary evidence for the amounts incurred on its behalf and other discrepancies also exist. Further, there are certain credit entries aggregating to Rs.474,574/- which have also not been responded by NHAI.

In Notes on Accounts, the company has stated that accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf. The company has produced necessary documents to NHAI who is accounting for the same in the books in financial year 2012-13.

4. CONTRAVENTIONS & NON COMPLIANCES OF THE PROVISIONS OF THE COMPANIES ACT, 1956

The statutory auditors of the company were never given notice of the meeting of Audit Committee. The section 292A(5) of the Companies Act, 1956 provides that the auditor shall attend and participate at the meeting of the Audit Committee meetings of the company. We could not get opportunity to attend any meeting of Audit Committee during last four years. We have been told that the auditors are not invited to attend audit committee meetings of any of SPVs' of NHAI and the same practice is adopted in the case of the company.

There is contravention of section 231 of the Companies Act, 1956 as well which provides that all notices of, and other communications relating to, any general meeting of a company which any member of the company is entitled to have sent to him shall also be forwarded to the auditor of the company; and the auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor. We have never received any notice/communication to attend any general meeting.

There is contravention of section 383A of the Companies Act, 1956. The company should have a whole-time company secretary as its paid-up share capital exceeds the prescribed amount.

The company has assured to comply with the above observations during the next year.

5. INORDINATE DELAY IN COMPLETION PROJECT

The project which was scheduled to be completed by August, 2006 with estimated project cost of Rs. 231 crores has over run both time and cost, and is re-scheduled for completion in November, 2012 with revised project cost of Rs. 349.50 crores.

It is observed that the project implementation is lagging behind the re-scheduled benchmarks even which may further increase the project cost and further extend the stipulated completion period.

<u>Year ending March31, 2011</u>

Without qualifying our report, we draw attention to the following adverse observations and remarks

1. FAILURE TO CHARGE/RECOVER INTEREST ON MOBILISATION ADVANCE TO CONTRACTOR

During the course of our audit, we observed that the company had failed to charge/recover interest on mobilization advance of Rs.91,101,382/- (outstanding balance on 31.03.2011 was Rs.68,417,014/-) @ 12% as stipulated in clause no. 5l.l (Page no. 61) of the contract agreement. The trial balance as well as tally back up of accounts mailed to us in June, 2011 bears testimony to this severe omission. The consultant had also not pointed out the recovery of interest @ 12% on mobilization advance to contractor while approving the bills of the contractor for payment one after another even upto the month of June, 2011 when we visited the Project Implementation Unit. On our query, interest of Rs.99, 61,900 /- has been debited to the account of the contractor, afterwards. This is a serious lapse on the part of management of the company and the consultant, who have been negligent in not charging/recovering the revenue lawfully accruing to the company in the contract. The internal audit report was also silent on this major issue. The management of company as well as the consultant had been negligent in adhering to strict compliance of terms of the contract ignoring the interests of the company. It can be termed as a case of possible revenue leakage.

It is further observed that no income lax has been deducted at source from this interest by the contractor under section 194A of the Income Tax Act, 1961. In case the same is deducted in future by the contractor, the company may find it difficult to get credit of such tax deducted at source in its income tax assessment proceedings.

2. NON-DISCHARGE OF VAT LIABILITY BY THE CONTRACTOR

As per clause no. 45.1 (Page no. 59) of the contract agreement, the rates quoted by the contractor shall be deemed to be inclusive of the sales tax and other taxes that the contractor will have to pay for the performance of this contract. It is apparent that the sums paid to the contractor are inclusive of element of value added tax on execution of works contract.

We have observed from the VAT Returns of contractor (M/s.Transstroy-OJSC (JV) Tamil Nadu VAT TIN 33505924237) and sub-contractor (M/s.Transstroy India Limited: Tamil Nadu VAT TIN 33795924223) that neither of them has discharged the VAT liability under the Tamil Nadu Value Added Tax Act, 2006 in respect of amount of Rs.41,49,25,433/- works contract executed by them during the year 2010-11. The amount of VAT paid to contractor by the company in the contract payments made by it has not been remitted to the state exchequer but retained by the contractor.

As per VAT laws, the output VAT liability is determined after allowing deduction for labour and service charges from the value of works contract executed. The element of declared goods in the turnover i.e. iron and steel in such net turnover is taxable @ 4% and balance is taxable @ 12.5%. The input tax on eligible purchases and TDS (Sales Tax) is further deductible to arrive at net VAT liability payable. The contractor is also entitled to deduction of amount of turnover declared by the sub-Contractor in its VAT Returns.

The company has duly deducted VAT/Sales Tax at source @ 2% from the payments made to contractor. The contractor has even claimed that amount of VAT/Sales tax TDS as refund/carry forward in its VAT Returns filed with the state government while offering nil turnover of works contract whereas the company has paid Rs.414,925,433/- for execution of works contract during the year.

The management of company as well as the consultant had been negligent in adhering to strict compliance of terms of the contract. It should regularly obtain proof of discharge of VAT liability by the contractor.

It is not out of place to mention that the. company is regularly and duly obtaining the proof of discharge of indirect tax liability i.e. deposit of service tax in respect of sums paid to consultant but proof of payment of VAT, also an indirect tax, is never obtained from the contractor by the company.

The VAT liability has not been remitted into state exchequer by the contractor upto the date of signing the report even after our pointing out.

3. AMOUNT RECOVERABLE FROM NATIONAL HIGHWAYS AUTHORITY OF INDIA

The company shows a debit outstanding i.e. amount recoverable from NHAI as on 31-03-20 11 at Rs. Rs.103,819,73/-. NHAI has confirmed credit of Rs.83,730,549/- only. The company has incurred certain expenses aggregating to Rs. 2,05,63,755/- on behalf of NHAI in financial year(s) 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10 which have not been responded by NHAI. Our enquiry from NHAI has revealed that the management of company has not provided NHAI the requisite documentary evidence for the amounts incurred on its behalf and other discrepancies also exist. If the negligence of management of the company continues and the amounts pertaining to these old years are not ultimately responded by NHAI, then the amount of Rs.2,05,63,755/- classified as good and recoverable shall turn out to be bad and unrecoverable resulting into loss of Rs.2,05,63,755/- to the company. Further, there are certain credit entries aggregating to Rs.4,74,573/- which have also not been responded by NHAI.

During the course of audit of financial year 2008-09 and 2009-10, we were assured that the aforesaid discrepancies would be got ratified/responded by NHAI, its own holding parent company, but the management of company did not make any efforts towards the same for the whole year(s). We had written to NHAI as well but of no avail.

In Notes on Accounts, the company has stated that NHAI is accounting for the pending entries in their books in financial year 20I 0-11. However, the same has not been done as evident from statement of accounts of the assessee in the books of NHAI Moreover, no undertaking/assurance to own up the debit entries of Rs.20,563,755/- from NHAI has been produced before us.

4. CONTRAVENTIONS & NON COMPLIANCES OF THE PROVISIONS OF THE COMPANIES ACT, 1956

The compliances of the provisions of the Companies Act, 1956 are still lacking and needs further improvement. The observations made by us in our audit report for the financial year 2009-10 in respect of Section(s) 292, 299, 383A of the Companies Act, 1956 and other adversities are still persisting.

The observations/adverse remarks made by us in our audit report for the year 2009-10 have not been dealt with/addressed/responded in the meeting of the board of directors and in the directors' report. The Board of Directors have turned a blind eye towards adverse remarks contained in the Auditors' Report and blatantly contravened the underlying sanctity of the Companies Act itself. It is provided in Section 217(3) of the Companies Act, 1956 that the Board shall also be bound to give the fullest information and explanations in its report on every reservation, qualification or adverse remark contained in the auditors' report. The company had committed gross contravention of the Act. It is further provided in Section 217(5) that if any person, being a director of a company, fails to take all reasonable steps to comply with the provisions of sub-sections(1) to (3), or being the chairman, signs the Board's report otherwise than in conformity with the provisions of sub-section (4), he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to twenty thousand rupees, or with both.

It is further observed that no corrective follow up action is taken pursuant to statutory audit report of the year 2009-10 had been taken at all during the year 2010-11 by the management of the company.

We have not received written representations from any of the directors as on 31st March, 2011 in te ms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

The statutory auditors of the company were never given notice of the meeting of Audit Committee. The section 292A (5) of the Companies Act, 1956 provides that the auditor shall attend and participate at the meeting of the Audit Committee meetings of the company. We could not get opportunity to attend any meeting of Audit Committee during last three years. We have been told that the auditors are not invited to attend audit committee meetings of any of SPVs' of NHAI and the same practice is adopted in the case of the company.

There is contravention of section 231 of the Companies Act, 1956 as well which provides that all notices of, and other communications relating to, any general meeting of a company which any member of the company is entitled to have sent to him shall also be forwarded to the auditor of the company; and the auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor. We have never received any notice/communication to attend any general meeting.

Form 25C as prescribed under section 269 for the appointment of the Managing Director has never been filed

The NHAI has outsourced the job of compliances under the Companies Act, 1956 of all its SPVs including the company, to a consultant. The contract stipulated that "all inclusive/consolidated remuneration of Rs.30,000/- shall be paid per month for the satisfactory services rendered by you during the month". The management of company continues to pay fee to the consultant month after month despite his poor and unsatisfactory performance. The books of account of the company revealed that the officials of the company have spent time and money on commuting for filing and depositing the required ROC forms & challans, which work was ought to be performed by the consultant and not the company. Due to lapse on the part of the consultant, the proceedings for prosecution of directors/officers in default have been initiated by the concerned Registrar (ROC) for non filing of requisite forms. The company has paid a further sum of Rs. 20,000/- to the consultant over and above his agreed all inclusive/consolidated monthly remuneration of Rs. 30,000/- to file petition for compounding u/s 621A in respect of section 159 & 220 for non-filing of balance sheet and annual returns for the financial year 2007-08.In our opinion, the payment of' Rs.20,000/- is unwarranted as the whole compliances under the Companies Act were the responsibility of the consultant, on the contrary the management of company has rewarded the consultant for his own lapses and omissions. Further, the payment made is in contravention of section 201 of the Companies Act which provides that "Save as provided in this section, any provision, whether contained in the articles of a company or in an agreement with a company or in any other instrument, for exempting any officer of the company or any person employed by the company as auditor from, or indemnifying him against, any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, misfeasance, breach of duty or breach of trust of which he may be guilty in relation to the company, shall be void". No penalties/costs/professional fee etc. can be paid by the company on behalf of any director or officer of the company in case of any prosecution is initiated against him by any authority.

Such fee, expenses and costs ought to be borne by the directors/officers and not the company.

There is contravention of section 383A of the Companies Act, 1956. The company should have a whole-time company secretary as its paid-up share capital exceeds the prescribed amount.

There is contravention of section 292 of the Companies Act, 1956 which provides that the company shall exercise power to invest its funds and making of loans only by way of resolution passed at a meeting of the Board. However, we have observed that the company has invested in fixed assets, bank fixed deposits as well as granted loans *I* advance to NHAI without passing any resolution. The management of company has not paid any heed to the comments made by us in the previous year's audit report and contravention continued.

Minutes of board meeting and shareholders meeting have not been drafted, signed and maintained in the manner prescribed under the Companies Act, 1956.

There is non/delayed compliance of the provisions of appointment, cessation & regularization of directors, additional directors and managing director.

During the course of audit of financial year(s) 2008-09 and 2009-10, the management of company assured us to overcome deficiencies pointed out but did nothing during the whole year

5. TERMINATED CONTRACT WITH MECON & GEA (IV)

MECON & GEA (JV), the main contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has been terminated by the company. The company has encashed bank guarantees aggregating to Rs. 27,16,92,851/- furnished by the contractor and shown the same as liability in its books of account. The company has earned interest on the bank fixed deposits made out of proceeds of encashed· bank guarantees and treated it as its income whereas the amount of encashed bank guarantees are shown as a liability. The liability, if any, of interest payable on the amount of encashed bank guarantees if held to be refundable to the contractor by the competent Court or Authority, is not considered. The determination of amount of work done by the contractor upto the date of termination of the contract, loss of uncovered or additional overheads, under utilization of plant & equipments, idle charges, loss of profit, unauthorized recovery of late delivery charges and interest thereon etc. are in dispute. The amount due to or due from the contractor shall be as per final outcome of the legal case. The true and correct position of amount of capital work in progress, amount recoverable i.e. asset and amount payable i.e. liability shall be ascertained thereafter only. The present position of the account of contractor as per books of account of the company as on 31.03.2011 was as follows:

Particulars	**Debit/Credit**	**Amount (in Rs.)**
Capital Advance- Civil work	Debit	111,015,462/-
Recoverable –Miscellaneous	Debit	121,543/-
Sundry Creditors – Civil works	Credit	26,062,050/-
Sundry Creditors- Retention Money-Civil work	Credit	20,757,981/-
Sundry Creditors- Retention Money-Utility Shifting	Credit	2,330,938/-
Bank Guarantees encashed	Credit	271,692,851/-
Net Payable	Credit	209,706,815/-

We have also observed that the amount is not in consonance with the statement submitted by the company in court/authority in legal proceedings.

The company has refunded the sum of Rs.265, 167,225/- (out of Rs.2,716,928,511- encashed bank guarantees) as per directions (dated 08.04.2011) of Madurai Bench of Madras High Court on 25.06.2011. There is no order as to interest earned by the company on bank term deposits made out of the proceeds of encashed bank guarantees which the company has treated as its income. In our opinion, the same needs to be treated as contingent liability.

The company has not taken insurance policy in respect of plant and machinery of the ex-contractor which it has taken possession of under dispute. The company has incurred Rs. 1,88,613/- during the year on watch & ward of such plant & machinery paid to security agency. The company has debited the same to its expense account. In our opinion, the same should be recoverable from the ex-contractor.

6. CONTRAVENTION OF THE PROVISIONS OF TAX DEDUCTION OF SOURCE

The company has deducted income tax at source on payments made to consultant, M/s. EGIS BCEOM International S.A. Under section 194J of the Income Tax Act, 1961 @ 10% as applicable to resident deductees. The said deductee is a non resident having a place of business in India attracting the deduction of tax at source under section 195 of the Income Tax Act, 1961. The company has made contravention of TDS law in deducting and depositing under wrong section. Further more, the rate of deduction of tax may be high than 10% resulting into short deduction of tax.

7. TAX DEDUCTED AT SOURCE BY BANK ON INTEREST ON TERM DEPOSITS

Canara Bank has deducted a sum of Rs.19,23,968/- as income tax at source on interest paid to the company on term deposits. Though TDS certificate in prescribed form 16A has been received from the bank, the TDS credit is not appearing at the website of Income Tax department in 26AS. The same may impose difficulty in getting TDS credit in Income Tax proceedings.

It is further noticed that a tax credit entry of Rs.18,471/- is appearing at the website of Income Tax department in 26ASwhich is not there in the books of account of the company.

8. LABOUR WELFAR CESS

The company has not deducted any labour welfare cess or any other similar types of levies by the government authorities on sums paid to contractor aggregating to Rs.41,49,25,433/- during the year. In our opinion, the same should had been deducted from the contractor or otherwise be treated as contingent liability.

Whereas, Labour Welfare Cess amounting to Rs. 100,999/- deducted during the year 2008-09 from the ex-contractor is still unpaid upto 31 st March, 2011 as management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only. It is surprising that the company could not take confirmed opinion about the applicability of the said law during all these three years.

9. UNDERSTATEMENT OF PREOPERATIVE EXPENSES

Proportionate expenses on establishment like directors' remuneration, salaries of personnel, rent for use of space by registered office & site office, administrative expenses etc. pertaining to the project of the company have been borne by NHAI and other SPVs. As such, the true cost.of the project is not reflected in its books of account. To this extent, the amount of which is not determinable, the expenditure on project/work in progress/preoperative expenditure are understated.

10. INORDINATE DELAY IN COMPLETION OF PROJECT

The project which was scheduled to be completed by August, 2006 with estimated project cost of Rs.231 crores has over run both time and cost, and is re-scheduled for completion in April, 2012 with revised project cost of Rs. 363 crores.

It is observed that the project implementation is lacking behind the re-scheduled benchmarks even which may further increase the project cost and further extend the stipulated completion period.

11. INCORRECT COMPILATION OF CASH FLOW STATEMENT

The cash flow statement compiled by the company is not in accordance with AS-3 (revised) Cash Flow Statement issued by The Institute of Chartered Accountant of India.

We observed the following fallacies:

Under the head 'cash flow from investing activities:

Interest Paid to NHAI on Sub Debt amounting to Rs. 1,1 02,378/- should have been added. Further increase/decrease in Other Capital Advances and Income Tax Paid amounting to Rs. 14,19,15,160/- and Rs. 93,80,221/-, respectively, are incorrectly depicted.

Under the head 'cash f low from financing activities:

Interest Paid to NHAI on Sub-Debt amounting to Rs. 11, 02,378/- should have been deducted.

Annexure to Auditor's Report

The company is regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except that labour welfare cess payable as on 31st March, 2011 amounting to Rs. 1,00,999/- (deducted during the financial year 2008-09) is unpaid as management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary ·measure only. The company has not deducted/deposited any labour welfare cess or any other similar types of levies by the government authorities on sums paid to contractor aggregating Rs. 414,925,433/- during the financial year 2010-11.

Year ending March 31, 2010

Without qualifying our report, we draw attention to the following adverse observations and remarks

1. AMOUNT RECOVERABLE FROM NATIONAL HIGHWAYS AUTHORITY OF INDIA

The company shows a debit outstanding i.e. amount recoverable from NHAI as on 31-03-20 10 at Rs. 8,21 ,23,548/-. NHAI has confirmed credit of Rs.6,20,34,366/- only. The company has incurred certain expenses aggregating to Rs.2,05,63,755/- on behalf of NHAI in financial year(s) 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10 which have not been responded by NHAI. Our enquiry from NHAI has revealed that the management of company has not provided NHAI the requisite documentary evidence for the amounts incurred on its behalf and other discrepancies also exist. If the negligence of the management of the company continues and the amounts pertaining to these old years arc not ultimately responded by NHAI, then the amount of Rs. 20,563,755/- classified as good and recoverable shall turn out to be bad and unrecoverable resulting into loss of Rs. 20,563,755/- to the company. Further, there are credit entries aggregating to Rs.474,573/- which have also not been responded by NHAI.

During the course of audit of financial year 2008-09, we were assured that the aforesaid discrepancies would be got ratified *I* responded by NHAI, its own holding parent company, but the management of the company did not make any efforts towards the same for the whole year.

2. COMPLIANCE OF THE PROVISIONS OF THE COMPANIES ACT, 1956

The compliance of the provisions of the Companies Act, 1956 is extremely lacking. The statutory records required to be maintained under the Act continue to be incomplete and incorrect. There are several contraventions of various provisions of the Companies Act, 1956. The prescribed forms required to be filed with the Registrar of Companies, Ministry of Corporate Affairs, Government of India were never filed within stipulated time during last four years. The company had to pay additional fee aggregating to Rs. 68,000/- to ROC. The accountability of delay and consequential fine in form of additional fees should be fixed. The period of delay in filing is as high as 596 days. Form 25C as prescribed under section 269 for the appointment of the Managing Director has never been filed.

The NHAI has outsourced the job of compliances under the Companies Act, 1956 of all its SPVs including the company, to a consultant. The contract stipulated that "all inclusive/consolidated remuneration of Rs.30,000/- shall be paid per month for the satisfactory services rendered by you during the month". The management of the company continues to pay fee to the consultant month after month despite his poor and unsatisfactory performance. The books of account of the company revealed that the officials of the company have spent time and money on commuting for filing and depositing the required ROC forms & challans, which work was ought to be performed by the consultant and not the company. Due to lapse on the part of the consultant, the proceedings for prosecution of directors/officers in default have been initiated by the concerned Registrar (ROC) for non filing of requisite forms. The company has paid a further sum of Rs. 20,000/- to the consultant over and above his agreed all inclusive/consolidated monthly remuneration of Rs.30,000/- to file petition for compounding u/s 621A in respect of section 159 & 220 for non-filing of balance sheet and annual return" for the financial year 2007-08. In our opinion, the payment of Rs. 20,000/- is unwarranted as the whole compliances under the Companies Act were the responsibility of the consultant, on the contrary the management of the company has rewarded the consultant for his own lapses and omissions. Further, the payment made is in contravention of section 201 of the Companies Act which provides that "Save as provided in this section, any provision, whether contained in the articles of a company or in an agreement with a company or in any other instrument, tor exempting any officer of the company or any person employed by the company as auditor from, or indemnifying him against, any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, misfeasance, breach of duty or breach of trust of which he may be guilty in relation to the company, shall be void". No penalties/costs/professional fee etc. can be paid by the company on behalf of any director or officer of the company in case of any prosecution is initiated against him by any authority. Such fee, expenses and costs ought to be borne by the directors/officers and not the company.

There is contravention of section 292 of the Companies Act, 1956 which provides that the company shall exercise power to invest its funds and making of loans only by way of resolution passed at a meeting of the board. However, we have observed that the company invested in fixed assets, bank fixed deposits as well as granted loans *I* advances to NHAI without passing any resolution.

No Form 24AA relating to disclosure of interest as prescribed u/s 299 was found on records of the company nor they were presented before the board of directors for financial year 2009-l 0.

There is contravention of section 383A of the Companies Act, 1956. The company should have a whole-time company secretary as its paid-up share capital exceeds the prescribed amount.

Minutes of board meeting and shareholders meeting have not been drafted, signed and maintained in the manner prescribed under the Companies Act.

There is non/delayed compliance of the provisions of appointment, cessation & regularization of directors, additional directors and managing director.

During the course of audit of financial year 2008-09, the management of the company assured us to overcome deficiencies pointed out but did nothing during the whole year.

3. TERMINATED CONTRACT WITH MECON & GEA (JV)

MECON & GEA (JV), the main contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has been terminated by the company. The company has encashed bank guarantees aggregating to Rs.271, 692,851/- furnished by the contractor and shown the same as liability in its books of account. The company has earned interest on the bank fixed deposits made out of proceeds of encashed bank guarantees and treated it as its income whereas the amount of encashed bank guarantees are shown as a liability. The liability, if any, of interest payable on the amount of encashed bank guarantees if held to be refundable to the contractor by the competent Court or Authority, is not considered. The determination of amount of work done by the contractor upto the date of termination of the contract, loss of uncovered or additional overheads, under utilization of plant & equipments, idle charges, loss of profit, unauthorized recovery of late delivery charges and interest thereon etc. are in dispute. The amount due to or due from the contractor shall be as per final outcome of the legal case. The true and correct position of amount of capital work in progress, amount recoverable i.e. asset and amount payable i.e. liability shall be ascertained thereafter only. The present position of the account of contractor as per books of account of the company as on 31.03.2010 was as follows :

Particulars	**Debit/Credit**	**Amount (in Rs.)**
Capital Advance- Civil work	Debit	111,015,462/-
Recoverable –Miscellaneous	Debit	12.334/-
Sundry Creditors – Civil works	Credit	26,062,050/-
Sundry Creditors- Retention Money-Civil work	Credit	26,057,981/-
Sundry Creditors- Retention Money-Utility Shifting	Credit	2,330,938/-
Bank Guarantees encashed	Credit	271,692,851/-
Net Payable	Credit	209,816,024/-

We have also observed that the amount is not in consonance with the statement submitted in court/authority in legal proceedings.

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

The company has received a sum of Rs. 49,31,00,000/- several years ago from National Highway Authority of India towards allotment of shares.

The company has also received a sum of Rs.5,00,00,000/- on 28.03.2007 from Tuticorin Port Trust.

The company has neither allotted shares not refunded the money despite lapse of good amount of time.

5. COMPLIANCE OF THE PROVISIONS OF TAX DEDUCTION OF SOURCE

The company has defaulted in the provisions of the Income Tax Act, 1961 regarding deduction of tax at source at the time of credit of sum payable to the account of the contractor.

The company continues to deduct tax at source only at the time of payment in the following year and not at the time of credit to the account of the contractor in the end of previous year.

Section 194C (I) provides that "Any person responsible for paying any sum to any resident (hereafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to......"

The defaults may lead to charging of interest and penalty as well as prosecution proceedings by the income tax department.

6. UNDERSTATEMENT OF PREOPERATIVE EXPENSES

Proportionate expenses on establishment like directors' remuneration, salaries of personnel, rent for use of space by registered office & site office etc. pertaining to the project of the company have been borne by NHAI and other SPVs. As such, the true cost of the project is not reflected in its books of account. To this extent, the amount of which is not determinable, the expenditure on project/work in progress/preoperative expenditure are understated.

7. INORDINATE DELAY IN COMPLETION OF PROJECT

The project which was scheduled to be completed by August, 2006 with estimated project cost of Rs. 231 crores has over run both time and cost, and is re-scheduled for completion in April,2012 with revised project cost on 340 crores.

The company is regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except that work contact tax payable as on 31" March, 20 l0 amounting to Rs. I ,57,444/- is unpaid as the management of the company is of the opinion that the same is payable to government authorities only at the time of making payment of the relevant amount to the contractor and labour welfare cess payable as on 31" March, 20 I 0 amounting to Rs 1,00,999/- is unpaid as the management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only.

<u>Year ending March 31, 2009</u>

<u>Annexure to Audit Report</u>

The company is regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except that work contact tax payable as on 31" March, 2009 amounting to Rs. 157,444/- is unpaid as the management of the company is of the opinion that the same is payable to government authorities only at the time of making payment of the relevant amount to the contractor and labour welfare cess payable as on 31st March, 2009 amounting to Rs. l 00,999/- is unpaid as the management of the company is of the opinion that there is some ambiguity in law and the deduction has been made as a precautionary measure only.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF VISHAKHAPATNAM PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("AUTHORITY" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AGGREGATING UPTO Rs. 3,698.40 CRORES IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE")

1. We have examined the reformatted financial information of **Vishakhapatnam Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/2013-14/(PT) dated 22nd November, 2013 and NHAI/11033/Tax Free Bonds/2013-14 dated 27nd November, 2013, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2013, 2012, 2011, 2010 and 2009. which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2012-13	ChandiwalaVirmani& Associates
2011-12	Goyal & Goyal
2010-11	Goyal & Goyal
2009-10	Goyal & Goyal
2008-09	Goyal & Goyal

We have placed reliance on the audit reports of these auditor's for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2013; 2012; 2011; 2010 and 2009 and reclassification as per Revised Schedule VI of the Companies Act, 1956, as amended and other regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III),
and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the

convenience of the readers.Notes to accounts have been reproduced by the management as it is without converting it into “Rs. in Lacs”.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2013, 2012, 2011and 2009 which are reproduced in Annexure VIII.

5. *Attention is drawn to the following*:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending March 2010 & March 2009, Some of the line items of assets and liabilities viz. borrowings, items appearing under current assets and liabilities (as per old classification), fixed deposits etc. could not be classified properly as Current or Non Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the fin. Year 2008-09 and 2009-10 are not comparable to the figures of fin. Year 2010-11 to 2012-13 to that extent.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of Companies Act, 1956.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section

10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2013.

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

Amit Luthra
Partner
Membership no. 085847

Place: N. Delhi
Date: 27/12/2013

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. In Lacs)

SLNo.	PARTICULARS	NOTES	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010	AS AT 31ST MARCH, 2009
I	**EQUITY AND LIABILITIES**						
1	**Shareholders Funds :**						
	(a) Share capital	1	3,730.00	3,730.00	3,730.00	3,005.00	3,005.00
	(b) Reserves and surplus	2	(2,164.80)	(2,346.19)	(2,161.40)	(1,789.74)	(1,210.09)
	(c) Share application money		-	-	-	725.00	-
2	**Non-current liabilities**		-	-	-	-	-
	(a) Long-term borrowings	3	5,271.41	6,373.00	6,373.00	6,373.00	7,098.00
	(b) Deferred tax liabilities (Net)		-	-	-	-	-
	(c) Other Long Term Liablities	4	509.83	-	-	-	-
3	**Current liabilities**		-	-	-	-	-
	(a) Short -term borrowings		-	-	-	-	-
	(b) Trade payable		-	-	-	-	-
	(c) Other current liabilities	5	1,146.76	1,251.42	1,451.06	1,571.23	1,179.18
	(d) Short -term provisions	6	-	-	1.17	-	-
		Total	**8,493.19**	**9,008.24**	**9,393.83**	**9,884.49**	**10,072.09**
II	**ASSETS**						
1	**Non-current assets**						
	(a) Fixed Assets:						
	(i) Tangible assets	7	14.24	19.86	25.40	30.48	36.04
	(ii) Intangible assets		8,080.40	8,505.68	8,930.96	9,359.35	9,782.54
	(iii) Capital work-in-progress		107.72	36.49	36.49	5.99	3.38
	(b) Deferred tax assets (net)		-	-	-	-	-
	(c) Long-term loans and advances	8	6.88	4.93	3.84	12.44	47.01
	(d) Other non current asset	9	-	-	-	-	5.13
2	**Current assets**		-	-	-	-	-
	(a) Trade receivables		-	-	-	-	-
	(b) Cash and cash equivalents	10	229.00	394.41	228.60	410.72	178.31
	(c) Short-term loans and advances	11	51.89	42.31	165.58	57.71	13.48
	(d) Other current assets	12	3.07	4.56	2.96	7.81	6.21
		Total	**8,493.19**	**9,008.24**	**9,393.83**	**9,884.49**	**10,072.09**

REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-II
(Rs. In Lacs)

SLNo.	PARTICULARS	NOTES	For the year ended 31 Mar 13	For the year ended 31 Mar 12	For the year ended 31 Mar 11	For the year ended 31 Mar 10	For the year ended 31 Mar 09
I.	**Revenue from operations**	**13**	953.96	594.02	540.12	498.90	444.53
II.	**Other Income**	**14**	23.18	21.44	18.59	9.05	358.21
III.	**Total Revenue**		**977.15**	**615.47**	**558.72**	**507.96**	**802.74**
IV.	**Expenses:**						
	Employee Benefits Expense	**15**	11.74	9.95	8.61	7.76	6.74
	Finance Costs	**16**	273.53	291.31	299.39	324.93	318.73
	Depreciation & Amortisation Expense	**17**	430.90	430.90	435.71	436.37	420.52
	Other Expenses	**18**	79.58	68.04	170.21	296.63	179.67
	Prior Period Expenses	**19**	0.00	0.06	0.05	0.00	0.00
	Total Expenses		**795.77**	**800.26**	**913.96**	**1,065.70**	**925.66**
V.	**Net Profit/(Loss) before tax**		181.38	-184.79	-355.25	-557.74	-122.92
VI.	Tax Expense:						
	(1) Current Tax		-	-	-	-	-
	(2) Earlier Years		-	-	16.41	21.87	-
	(3) Deferred Tax		-	-	-	-	-
	(4) Fringe Benefit Tax		-	-	-	0.04	(0.17)
	Excess provision for FBT in earlier years written back		-	-	-	-	0.32
	Excess provision for Income tax in earlier years		-	-	-	-	5.21
VII	**Net Profit/(Loss) after tax**		**181.38**	**-184.79**	**-371.65**	**-579.66**	**-117.57**
VIII	**Earnings per equity share of Face value of 10/- each :,Basic & Diluted**	**20**	**0.49**	**(0.50)**	**(1.10)**	**(1.93)**	**(0.39)**

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

	Particulars	For the year ended 31 Mar 13	For the year ended 31 Mar 12	For the year ended 31 Mar 11	For the year ended 31 Mar 10	For the year ended 31 Mar 09
A	**Cash Flow From Operating Activities :**					
	Net Profit/ (Loss) before Tax	181.38	(184.79)	(355.25)	(557.74)	(122.92)
	Adjusted For-:					
	Depreciation	430.90	430.90	431.02	431.24	415.39
	Non-operating income	(5.09)	(1.40)	(3.05)	(0.00)	(0.74)
	Interest Income	(18.09)	(20.04)	(15.54)	(9.05)	(5.87)
	Finance costs	273.53	291.31	299.39	324.93	318.73
	Operating Profit before Working Capital Changes	**862.64**	**515.98**	**356.57**	**189.38**	**604.59**
	Adjustments for :					
	(Increase)/ Decrease in Current Assets & Non Current Assets	1.49	(1.60)	4.85	3.53	4.83
	(Increase)/ Decrease in short term loans and advances	(9.58)	123.27	(107.87)	(44.23)	(9.55)
	Increase/ (Decrease) in Current Liabilities	(104.66)	(199.64)	(120.17)	392.05	(512.86)
	Increase/ (Decrease) in Short term provisions	-	(1.17)	(15.24)	(21.91)	5.35
	Cash flow after Woking Capital Changes	**749.89**	**436.84**	**118.14**	**518.81**	**92.36**
	Income Tax Paid and/ or FBT	-	-	-	-	-
	Net cash from operating activities	**749.89**	**436.84**	**118.14**	**518.81**	**92.36**
B	**Cash Flow From Investing Activities :**					
	(Increase)/ Decrease in Gross Block in fixed assets	-	(0.08)	2.44	(2.49)	302.78
	(Increase)/ Decrease in CWIP	(71.22)	-	(30.51)	(2.61)	(3.13)
	Repayment of Loans and advances	(1.95)	(1.09)	8.60	34.56	(8.32)
	Other non operating income	5.09	1.40	3.05	0.00	0.74
	Interest Income	18.09	20.04	15.54	9.05	5.87
	Net cash from investing activities	**(49.99)**	**20.28**	**(0.87)**	**38.52**	**297.94**
C	**Cash Flow From Financing Activities :**					
	Issue of Share Capital	-	-	-	725.00	-
	Increase /(Decrease) in Long term borrowings	(1,101.59)	-	(0.00)	(725.00)	-
	Increase /(Decrease) in other Long term liabilities	509.83	-	-	-	-
	Finance Cost	(273.53)	(291.31)	(299.39)	(324.93)	(318.73)
	Net cash from financing activities	**(865.30)**	**(291.31)**	**(299.39)**	**(324.93)**	**(318.73)**
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**(165.40)**	**165.81**	**(182.12)**	**232.40**	**71.57**
	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	394.41	228.60	410.72	178.31	106.75
	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**229.00**	**394.41**	**228.60**	**410.72**	**178.31**

Annexure-IV

NOTES

Figures in lacs

	PARTICULARS	As At 31st March 2013	As At 31st March 2012	As At 31st March 2011	As At 31st March 2010	As At 31st March 2009
1	**SHARE CAPITAL :**					
	Authorised :					
	40,000,000 Equity Shares of par value RS.10/- each	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
	Issued, Subscribed & Fully Paid Up :	3,730.00	3,730.00	3,730.00	3,005.00	3,005.00
		3,730.00	**3,730.00**	**3,730.00**	**3,005.00**	**3,005.00**

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	373.00	3,730.00	373.00	3,730.00
Fresh issue of shares during the year		-	-	-
Outstanding at the end of the year	**373.00**	**3,730.00**	**373.00**	**3,730.00**

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
At the beginning of the Year	300.50	3,005.00	300.50	3,005.00	300.50	3,005.00
Fresh issue of shares during the year	72.50	725.00	-	-	-	-
Outstanding at the end of the year	**373.00**	**3,730.00**	**300.50**	**3,005.00**	**300.50**	**3,005.00**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2013		As at 31.3.2012	
	No. of Shares held	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India	187.00	50.13%	187.00	50.13%
Vishakhapatnam Port Trust	186.00	49.87%	186.00	49.87%

	As at 31.3.2011		As at 31.3.2010		As at 31.3.2009	
	No. of Shares held	**% of Hoding**	**No. of Shares held**	**% of Hoding**	**No. of Shares held**	**% of Hoding**
National Highway Authority of India	187.00	50.13%	150.50	50.08%	150.50	50.08%
Vishakhapatnam Port Trust	186.00	49.87%	150.00	49.92%	150.00	49.92%

2 **RESERVES AND SURPLUS**

Profit and Loss Account	**2012-2013**	**2011-2012**	**2010-2011**	**2009-2010**	**2008-2009**
(Loss) As per last Balance Sheet	(2,346.19)	(2,161.40)	(1,789.74)	(1,210.09)	(1,092.52)
Add: Loss for the year	181.38	(184.79)	(371.65)	(579.66)	(117.57)
	(2,164.80)	**(2,346.19)**	**(2,161.40)**	**(1,789.74)**	**(1,210.09)**

		As At 31st March 2013	As At 31st March 2012	As At 31st March 2011	As At 31st March 2010	As At 31st March 2009
3	**LONG TERM BORROWINGS**					
	Loans & Advances From Related Parties : Unsecured					
	From National Highways Authority of India (NHAI)	4,091.41	5,193.00	5,193.00	5,193.00	5,558.00
	From Visakhapatnam Port Trust (VPT)	1,180.00	1,180.00	1,180.00	1,180.00	1,540.00
		5,271.41	**6,373.00**	**6,373.00**	**6,373.00**	**7,098.00**
4	**OTHER LONG TERM LIABILITIES**					
	Interest Accrued but not due on borrowings :- Unsecured					
	From National Highways Authority of India (NHAI)	-	-	-	-	-
	From Visakhapatnam Port Trust (VPT)	509.83	-	-	-	-
		509.83	**-**	**-**	**-**	**-**
5	**OTHER CURRENT LIABILITIES**					
	Professional Fees Payable	0.71	-	-	-	-
	Retention Money/ EMD/ Security Deposits	85.57	110.48	81.94	11.60	3.44
	Statutary Dues Payable	28.58	29.75	34.27	25.85	61.66
	Deposit Work advances	140.00	140.00	140.90	248.82	-
	Lease Rent Payable to VPT	0.00	0.00	0.00	0.00	0.00
	Current Maturities on Long Term Borrowings	685.54	-	-	-	-
	Other Payable	18.90	9.60	54.92	15.36	29.13
	Interest on loan from NHAI	187.46	510.48	744.61	929.89	817.53
	Interest on loan from VPT	-	451.11	394.43	339.72	267.42
		1,146.76	**1,251.42**	**1,451.06**	**1,571.23**	**1,179.18**
6	**SHORT TERM PROVISIONS**					
	Provision For FBT	-	-	-	-	-
	Provision for Income Tax	-	-	1.17	-	-
		-	**-**	**1.17**	**-**	**-**

7 **FIXED ASSETS** **Annexure-IV**

PARTICULARS	NET BLOCK				
	As on 31.03.2013	**As on 31.03.2012**	**As on 31.03.2011**	**As on 31.03.2010**	**As on 31.03.2009**
Land (Leased Land)	0.00	0.00	0.00	0.00	0.00
VPRCL Toll Road	8,080.40	8,505.68	8,930.96	9,359.35	9,782.54
Furniture & Fixtures	0.57	0.63	0.68	0.61	0.65
Office Equipments	2.98	3.18	3.31	3.41	3.61
Data Processing Equipments	3.47	8.34	13.21	17.77	22.59
Electrical Installations	7.23	7.71	8.20	8.69	9.18
Total	**8,095**	**8,526**	**8,956**	**9,390**	**9,819**

8 LONG TERM LOANS AND ADVANCES

Advance Income Tax/ TDS/ FBT	2.59	0.81	-	8.69	7.68
Advance against deposit work	-	-	-	-	35.62
Security Deposits	4.29	4.11	3.84	3.76	3.71
	6.88	**4.93**	**3.84**	**12.44**	**47.01**

9 OTHER NON CURRENT ASSETS

Unamortised expenses					
Preliminary Expenses	-	-	-	-	5.13
	-	**-**	**-**	**-**	**5.13**

10 CASH AND CASH EQUIVALENTS

Cash on hand	0.01	0.02	0.02	0.00	0.01
Balance with Banks in:	-	-	-	-	-
Current Accounts	1.83	30.79	2.49	8.43	3.62
Term Deposits*	227.16	363.60	226.09	402.29	174.69
*Term Deposits are with maturity of Less than 12 months					
	229.00	**394.41**	**228.60**	**410.72**	**178.31**

11 SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered Good)

Loans and Advances:					
National Highway Authority of India (Related Party)	51.89	29.26	82.62	57.71	13.48
Others	-	13.05	82.96	-	-
	51.89	**42.31**	**165.58**	**57.71**	**13.48**

12 OTHER CURRENT ASSETS

Interest Accrued and due on Term Deposits	3.07	4.56	2.96	2.68	1.07
Unamortised expenses	-	-	-	-	-
Preliminary Expenses	-	-	-	5.13	5.13
	3.07	**4.56**	**2.96**	**7.81**	**6.21**

Annexure-V

Note	PARTICULARS	For The Year Ending 2012-2013	For The Year Ending 2011-2012	For The Year Ending 2010-2011	For The Year Ending 2009-2010	For The Year Ending 2008-2009
13	**REVENUE FROM OPERATIONS**					
	Income from Toll Receipts	953.96	594.02	540.12	498.90	444.53
		953.96	**594.02**	**540.12**	**498.90**	**444.53**
14	**OTHER INCOME**					
	Interest on Bank deposits	18.09	20.04	15.54	9.05	5.87
	Other Non-Operating Income	5.09	1.40	3.05	0.00	0.74
	Excess provision for Expenses Written Back	-	-	-	-	351.60
		23.18	**21.44**	**18.59**	**9.05**	**358.21**
15	**EMPLOYEE BENEFITS EXPENSE**					
	Salary, Wages & Allowances	11.74	9.95	8.61	7.76	6.74
		11.74	**9.95**	**8.61**	**7.76**	**6.74**
16	**FINANCE COSTS**	273.53	291.31	299.39	324.93	318.73
		273.53	**291.31**	**299.39**	**324.93**	**318.73**
17	**DEPRECIATION & AMORTISATION EXPENSE**					
	Depreciation	430.90	430.90	431.02	431.24	415.39
	Add/(Less) : Depreciation of Prior Period	-	-	(0.44)	-	-
	Preliminary Expenses Amortised	-	-	5.13	5.13	5.13
		430.90	**430.90**	**435.71**	**436.37**	**420.52**
18	**OTHER EXPENSES**					
	Operating & Maintenance Expenses					
	Toll Collection & Security Expenses	15.06	8.90	140.89	148.91	137.35
	Repairs & Maintenance of Highways	41.09	38.99	8.09	133.53	30.87
	Establishment & Administrative Expenses					
	Payment to Auditors					
	Audit Fees	1.15	1.15	1.15	1.00	1.00
	Tax Audit Fees	0.20	0.20	0.20	0.10	0.20
	Service Tax	0.17	0.27	0.14	0.11	0.15
	Other Services	-	1.00	-	-	-
	Internal Audit Fees	0.99	0.99	-	-	-
	Reimbursement of Expenses	0.81	0.85	0.58	0.63	0.45
	Rates, Taxes & Filing fees	0.08	0.03	0.96	0.41	0.25
	Postage, Telephone and Courier charges	0.35	0.35	0.40	0.45	0.29
	Travelling & Conveyance Expenses	2.41	1.66	2.13	1.89	2.42
	Legal & Professional Charges	14.76	10.53	13.16	8.03	5.20
	Seminar, Meeting & Training Expenses	-	0.45	1.00	0.15	0.34
	Repair Maintenance of Equipments	0.10	0.12	0.05	0.08	0.08
	Electricity & Water Charges	1.00	0.96	0.22	0.09	0.08
	Rent for Residence	0.49	0.63	0.52	0.59	0.41
	Land Leasehold Charges	0.00	0.00	0.00	0.00	0.00
	Printing and Stationery	0.01	-	-	-	-
	Miscellaneous Expenses	0.91	0.96	0.72	0.66	0.60
		79.58	**68.04**	**170.21**	**296.63**	**179.67**
19	**PRIOR PERIOD EXPENSES**					
	Prior Period Adjustments	-	0.06	0.05	-	-
		-	**0.06**	**0.05**	**-**	**-**

20 **EARNINGS PER SHARE (EPS)**

	31st March 2013 Amount	31st March 2012 Amount	31st March 2011 Amount	31st March 2010 Amount	31st March 2009 Amount
i) Net (Loss) after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs. in Lacs)	181.38	(184.79)	(371.65)	(579.66)	(117.57)
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS (No. of shares)	373.00	373.00	338.64	300.50	300.50
iii) Basic & Diluted Earning Per Share (Rs.)	0.49	(0.50)	(1.10)	(1.93)	(0.39)
iv) Face Value per equity share (Rs)	10.00	10.00	10.00	10.00	10.00

ANNEXURE -VI

SIGNIFICANT ACCOUNTING POLICIES (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

a) Basis of Accounting (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

b) Revenue Recognition (31st MARCH, 2013)

Toll Revenue is recognized on the basis of weekly remittance by the toll collecting agency as per contract agreement.

Revenue Recognition (31st MARCH, 2012, 2011, 2010 and 2009)

Revenue from toll Collection:

Revenue from toll Collection is recognized on actual collection, based upon actual usage of toll road.

Interest/ dividend income:

Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction.
Dividend income is recognized when the right to receive the same is established.

Expenses:

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

c) Fixed Assets (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Fixed Assets, other than project assets, are stated at their original cost of acquisition (including incidental expenses relating to the acquisition & installation of assets) less accumulated depreciation and Impairment loss.

Project assets are substantial fixed assets of the company comprising of Toll Road, which is a comprehensive assets including Road, Bridges, Toll Plazas with other allied facilities on way, lighting, administrative building and other fixtures which have been stated at original cost of construction less accumulated depreciation.

d) Depreciation (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Depreciation on tangible fixed assets is provided at the Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

In the opinion of the management, rates adopted for providing depreciation on fixed assets are representative of their economic useful life.

Project Assets comprising of Toll Road is constructed on land granted to the company under a concession agreement with NHAI for 30 years from the inception of the project. Toll Road assets have been amortized over the period of concession agreement, on pro-rata basis.

An item of asset costing Rs 0.05 Lacs or less is charged off to revenue in the year of acquisition/commission/available for use and such item of asset with written down value of Rs. 0.05 Lacs or less as at the beginning of the year is also fully depreciated during the year.

e) Leases (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Assets acquired on leases wherein a significant portion of the risks & rewards of ownership are retained by the lessors are classified as operating lease. Lease rentals in respect of operating lease arrangements are recognized as an expense in the profit & loss account, when due as per terms of the related agreements on straight line basis over the term of lease.

f) Cash and Cash Equivalents (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Cash and Cash Equivalents consist of cash in hand, balances with banks and investments in Short term deposits with Scheduled Banks.

g) Investments (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Long Term Investments are stated at cost. Diminution in the value of the investment is being provided for, where the management is of the opinion that the diminution is of permanent nature.

Short Term Investments are stated at cost or market value whichever is lower.

h) Borrowing Cost (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Interest prior to the completion of project is capitalized to the qualifying asset. Interest after the completion of project is charged to Revenue.

i) Earnings per share (31st MARCH, 2013, 2012, 2011, 2010 and 2009)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity share outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

j) Impairment of Assets (31st MARCH, 2013)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Impairment of Assets (31st MARCH, 2012, 2011, 2010 and 2009)

All assets other than inventories, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is charged to the profit and loss account in the year in which an asset is identified.

k) Provision for Current and Deferred Tax (31st MARCH, 2012, 2011, 2010 and 2009)

Tax expenses for the year comprising current and deferred tax is included in determining the net profit for the year.

Current Tax

Provision for current tax comprises of current income tax and fringe benefit tax and is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Income taxes are accrued in the same period in which the related revenue and expenses arise.

Deferred Tax

Provisions for deferred tax (reflecting the tax effects of timing differences between accounting income & taxable income for the period) is determined in accordance with Accounting Standard – 22 issued by the Institute of Chartered Accountants of India. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred Tax Assets are recognized and carry forward to the extend that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

l) **Provisions, Contingent Liabilities and Contingent Assets (31st MARCH, 2013, 2012, 2011, 2010 and 2009)**

Provisions

A provision is created 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 and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets
Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

m) **Miscellaneous Expenditure (31st MARCH, 2013, 2012, 2011, 2010 and 2009)**

The miscellaneous expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

n) **Expenses Shared with NHAI (31st MARCH, 2013)**
As per the agreement with NHAI, the establishment and administrative expenses of site office has been apportioned between NHAI and company in the ratio 3:1. The total establishment expenditure of site office is Rs. 5161301/- out of which Rs. 3870979/- has been transferred to NHAI and balance of Rs. 1290322/- has been booked in the company.

<u>NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31,2013</u>

1 EARNINGS PER SHARE (EPS)

i) Net Profit/(Loss) after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs.)	1,81,38,116	(1,84,79,017)
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	3,73,00,007	3,73,00,007
iii) Basic & Diluted Earnings Per Share (Rs.)	0.49	(0.50)
iv) Face Value per equity share (Rs.)	10	10

2	**EARNINGS IN FOREIGN EXCHANGE**	Nil	Nil
3	**IMPORTS ON CIF BASIS**	Nil	Nil
4	**EXPENDITURE IN FOREIGN CURENCY**	Nil	Nil
5	**REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**	Nil	Nil

6 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities :

Claim against the Company not acknowledged as debt: Rs. 23.83 crores Rs. 26.34 crores

7. All the directors of the company are nominees of National Highway Authority of India, the parent organization except one who is nominee of Vishakhapatnam Port Trust. No payament has been made to them as salary/allowance or otherwise.

8. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments

9. The company being a wholly state owned enterprise as defined under Accounting Standard-18 on Related Party Disclousure, therefore no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

10. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

11. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

1. Profit & Loss Account includes Rs. 3.09 Lacs (Previous year Rs. 3.56 Lacs) accounted for during the year based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

2. As per the arrangements with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI As per details given below : -

(Rupees in Lacs)

Particulars	2010-11	2009-10
Salary & Wages	16.25	13.01
Rent for Residence/License Fee	1.57	1.77
Staff Welfare Expenses	0.31	0.29
Miscellaneous Expenses	0.29	0.07
Rates, Taxes & Filing Fees	0.01	-
Printing & Stationery	0.34	0.28
Postage & Telephone	1.04	1.05
Travelling & Conveyance Expenses	6.34	5.00

Repair & Maintenance	0.15	0.23
Electricity & Water Charges	0.65	0.27
Security Expenses	1.44	1.59
TOTAL	**28.39**	**23.56**

3. **Contingent liabilities:**

Claims against the company not acknowledged as debts in respect of contractors claims under Arbitration amounting to Rs.2634.15 Lacs (Previous year Rs.2634.15 Lacs). The contractors M/s M.Venkata Rao had made petition under Arbitration against the recommendation of Dispute Review Board (DRB) wherein the DRB has recommended the claims at Rs.1.96 Lacs only, which was duly paid by the company in August, 2007.

(a) The Income Tax department raised demands of tax and interest amounting to Rs. 21.87 Lacs for assessment year 2006-07. On appeal the same was confirmed by the CIT (A). Matter is now pending in the ITAT. The above demand was deposited in the previous year and was charged to Profit & Loss Account.

(b) Further the department has levied a penalty of Rs. 16.41 Lacs u/ s 271(1)(c) out of which a sum of Rs. 5.00 Lacs has been deposited. The matter is under appeal, however provision for the balance Rs. 16.41 Lacs has been made.

(c) The Income Tax Department has sent an intimation U/s 143(1) of Income Tax Act, 1961 for A.Y. 2007-08 & have raised a demand of Rs. 5.26 Lacs. The Company has made an application for rectification & has also filed an appeal. No provision has been made on view of the pending rectification U/s 154 of Income Tax Act, 1961.

5. All the directors of the company are nominees of National Highways Authority of India, the parent organization except one who is nominee of Visakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

6. During the year, the company does not have whole time company secretary as per the applicable provisions of the Companies Act, 1956.

7. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

8. The estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: Rs.NIL (Previous Year Rs. NIL)

9. As per the Memorandum of Understanding dated 8th November, 2006 between NHAI, VPT & the Company, Interest on sub debts/ senior debts is payable @ 4% p.a. till the year in which senior debt is repaid in full.

The company has been providing interest @ 4% which is compounded yearly, however VPT has been providing simple interest @ 4%. The company also proposes to provide simple interest.

The matter has been taken up with NHAI, as soon as the decision is taken by NHAI necessary adjustments will be made.

10. The unsecured sub-debts and senior debts taken from National Highways Authority of India (NHAI) and Vishkhapatnam Port Trust (VPT) include interest accrued till 31.3.2011. In view of non-finalization of repayment schedule of these loans, the amount of loan payable within one year is not ascertainable.

11. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of staff on deputation from NHAI/other Govt. departments.

12. The Company has Deferred Tax Assets (net) as at the Balance Sheet date which has not been recognized as a matter of prudence in terms of Accounting Standard (AS – 22) “Accounting of Taxes on Income” issued by Institute of Chartered Accountants of India. The company has unabsorbed depreciation and carried forward losses under tax laws and there is no virtual certainty that taxable income will be available in near future against which deferred tax asset could be realized.

13. Earnings per share

(Rupees in Lacs).

	Current Year	Previous Year
Net loss (-) as per profit & loss Account	(-) 371.65	(-) 579.66
Weighted average no. of equity share outstanding during the year	338.64	300.50
Weighted average no. of equity share as denominator for calculating EPS	338.64	300.50
Basic and Diluted Earning per share of nominal value of Rs.10 each	(-)1.10	(-) 1.93

14. Expenditure in foreign currency NIL NIL

15. Loans & Advances include amount due from National Highway Authority of India Rs.82.62 Lacs (Previous Year Rs.56.67 Lacs).

16. The company being a wholly state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure, therefore no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

17. As per Concession agreement between SPV and VPT, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual lease rent of Rs. 1/- for the specified duration , accordingly, liability towards annual lease charges has been provided in the books for the year.

18. Borrowings cost capitalized during the year are Nil (Previous Year Nil).

19. Provision for impairment loss as required by AS – 28 on "Impairment of Assets" is not necessary as in the opinion of management; there is no impairment of assets during the year.

20. Operating lease

The company's significant leasing arrangements are in respect of operating lease under non cancelable renewable operating lease premises for residential use of staff taken on deputation.

The lease rental expenses have been recognized in the profit and loss account for the year.

The future minimum lease payments of these operating leases are as follows:

Particulars	**Total minimum lease payments outstanding**	
	As on 31.03.2011	**As on 31.03.2010**
Not later than 1 year	0.10 Lacs	2.37 Lacs
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	0.10 Lacs	2.37 Lacs

21. (a) The company had no amounts payable to small scale industrial undertakings as defined under section 3 (j) of Industries (Development and Regulation) Act, 1951 as at 31st March, 2011 for more than 30 days in excess of Rs. 1.00 Lacs (Previous Year Nil).

(b) Similarly, there is no amount payable to Micro, Small and Medium enterprises suppliers as defined under Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.

22. Balances under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

23. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with this year's presentation.

24. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I	**REGISTRATION DETAILS**	
	REGISTRATION No.	109014
	STATE CODE	55
	BALANCE SHEET DATE	31.03.2011
II	**CAPITAL RAISED DURING THE YEAR**	
	(AMT IN LACS Rs.)	
	PUBLIC ISSUE	NIL
	BONUS ISSUE	NIL
	PRIVATE PLACEMENT	725
III	**POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS**	
	(AMT IN LACS Rs.)	
	TOTAL LIABILITIES	11,565.47
	TOTAL ASSETS	11,565.47
	SOURCES OF FUNDS	
	PAID UP CAPITAL	3,730.00
	SHARE APPLICATION MONEY	NIL
	SECURED LOANS	NIL
	UNSECURED LOANS	7,512.03
	APPLICATION OF FUNDS	
	NET FIXED ASSETS	8,956.36
	INVESTMENTS	NIL
	NET CURRENT ASSETS	87.78
	MISCELLANEOUS EXPENDITURE	36.49
	ACCUMULATED LOSSES	2,161.40
IV	**PERFORMANCE OF THE COMPANY**	
	TURNOVER	558.72
	TOTAL EXPENDITURE	913.97
	(LOSS)/PROFIT BEFORE TAX	(355.25)
	(LOSS)/PROFIT AFTER TAX	(371.65)
	EARNING PER SHARE (Rs.)	(1.10)
	DIVIDEND RATE %	-

V **GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY AS PER MONETARY TERMS**

(ITC CODE) PRODUCT DESIGN	N.A.
SERVICE DESCRIPTION	To Construct, Operate & Maintain an Infrastructure Port Road Project.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2010

1. Profit & Loss Account includes Rs. 3.56 Lacs (Previous year Rs.2. 83 Lacs) accounted for during the year based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

   As per the arrangements with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI by debiting the account.

2. Contingent liabilities:

   Claims against the company not acknowledged as debts in respect of contractors claims under Arbitration amounting to Rs.2634.15 Lacs (Previous year Rs.2634.15 Lacs). The contractors M/s M.Venkata Rao had made petition under Arbitration against the recommendation of Dispute Review Board (DRB) wherein the DRB has recommended the claims at Rs.1.96 Lacs only, which was duly paid by the company in August, 2007.

3. The Income Tax department raised demands of tax and interest amounting to Rs. 21.87 Lacs for assessment year 2006-07. On appeal the same was confirmed by the CIT (A). Matter is now pending in the ITAT. The above demand has been deposited and charged to Profit & Loss Account.

   Further in respect of the above Assessment year penalty proceedings u/ s 271(1)(c) were also initiated which were kept in abeyance.

4. All the directors of the company are nominees of National Highways Authority of India, the parent organization except one who is nominee of Visakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

5. During the year, the company does not have whole time company secretary as per the applicable provisions of the Companies Act, 1956.

6. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

7. The estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: Rs.NIL (Previous Year Rs. NIL)

8. As per the Memorandum of Understanding dated 8th November, 2006 between NHAI, VPT & the Company, Interest on sub debts/ senior debts is payable @ 4% p.a. till the year in which senior debt is repaid in full.

   The company has been providing interest @ 4% which is compounded yearly, however VPT has been providing simple interest @ 4%. The company also proposes to provide simple interest.

   The matter has been taken up with NHAI, as soon as the decision is taken by NHAI necessary adjustments will be made.

9. The revised financial structure for the project was approved by NHAI on 25.03.2008. As per the same the paid up Capital was to be increased by Rs. 725 Lacs The necessary adjustment has been made on 31.03.2010 by transfer of this sum from Sub debts outstanding to Share Application money pending allotment of Shares.

10. The unsecured sub-debts and senior debts taken from National Highways Authority of India (NHAI) and Vishakhapatnam Port Trust (VPT) include interest accrued till 31.3.2010. In view of non-finalization of repayment schedule of these loans, the amount of loan payable within one year is not ascertainable.

11. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of staff on deputation from NHAI/other Govt. departments.

12. The Company has Deferred Tax Assets (net) as at the Balance Sheet date which has not been recognized as a matter of prudence in terms of Accounting Standard (AS – 22) "Accounting of Taxes on Income" issued by Institute of Chartered Accountants of India. The company has unabsorbed depreciation and carried forward losses under tax laws and there is no virtual certainty that taxable income will be available in near future against which deferred tax asset could be realized.

13. Earnings per share

(Rupees in Lacs)

	Current Year	Previous Year
Net loss (-) as per profit & loss Account	(-)579.66	(-) 117.57
Weighted average no. of equity share outstanding during the year	300.50	300.50
Weighted average no. of equity share as denominator for calculating EPS	300.50	300.50
Basic and Diluted Earning per share of nominal value of Rs.10 each	(-) 1.93	(-) 0.39

14. Expenditure in foreign currency NIL NIL

15. Loans & Advances include amount due from:

(Rupees in Lacs)

	Current Year	Previous Year
A. National Highway Authority of India	56.67	10.24
B. Calcutta Haldia Port Road Company Ltd	NIL	0.18
C. Chennai Ennore Port Road Company Ltd.	NIL	0.18
D. Cochin Port Road Company Ltd	NIL	0.41
E. Mormungao Port Road Company Ltd.	NIL	0.16
F. Moradabad Toll Road Company Ltd.	NIL	0.02
G. Mumbai JNPT Port Road Company Ltd.	NIL	0.16
H. New Mangalore Port Road Company Ltd	NIL	0.16
I. Tuticorin Port Road Company Ltd.	NIL	0.41

16. The company being a wholly state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure, accordingly no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

17. As per Concession agreement between SPV and VPT, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual lease rent of Rs. 1/- for the specified duration , accordingly, liability towards annual lease charges has been provided in the books for the year.

18. Borrowings cost capitalized during the year are Nil (Previous Year Nil).

19. Provision for impairment loss as required by AS – 28 on “Impairment of Assets” is not necessary as in the opinion of management, there is no impairment of assets during the year.

20. Operating lease

The company’s significant leasing arrangements are in respect of operating lease under non cancelable renewable operating lease premises for residential use of staff taken on deputation.

The lease rental expenses have been recognized in the profit and loss account for the year. The future minimum lease payments of these operating leases are as follows:

(Rupees in Lacs)

Particulars	**Total minimum lease payments outstanding**	
	As on 31.03.2010	**As on 31.03.2009**
Not later than 1 year	2.37	2.68
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	**2.37**	**2.68**

21. (a) The company had no amounts payable to small scale industrial undertakings as defined under section 3 (j) of Industries(Development and Regulation) Act, 1951 as at 31st March, 2010 for more than 30 days in excess of Rs. 1.00 Lacs(Previous Year Nil).

(b) Similarly, there is no amount payable to Micro, Small and Medium enterprises suppliers as defined under Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.

22. Balances under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

23. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with this year’s presentation.

24. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

REGISTRATION No.	109014
STATE CODE	55
BALANCE SHEET DATE	31.03.2010

II CAPITAL RAISED DURING THE YEAR

(AMT IN LACS Rs.)

PUBLIC ISSUE	NIL
BONUS ISSUE	NIL

III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS

(AMT IN LACS Rs.)

TOTAL LIABILITIES	11,674.23
TOTAL ASSETS	11,674.23
SOURCES OF FUNDS	
PAID UP CAPITAL	3,005.00
SHARE APPLICATION MONEY	725.00
SECURED LOANS	NIL
UNSECURED LOANS	7,642.61
APPLICATION OF FUNDS	
NET FIXED ASSETS	9,389.83
INVESTMENTS	NIL
NET CURRENT ASSETS	181.92
MISCELLANEOUS EXPENDITURE	11.12
ACCUMULATED LOSSES	1,789.74

IV PERFORMANCE OF THE COMPANY

TURNOVER	507.96
TOTAL EXPENDITURE	1,065.70
(LOSS)/PROFIT BEFORE TAX	(557.74)
(LOSS)/PROFIT AFTER TAX	(579.66)
EARNING PER SHARE (Rs.)	(1.93)
DIVIDEND RATE %	-

V GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY AS PER MONETARY TERMS

(ITC CODE) PRODUCT DESIGN	N.A.
SERVICE DESCRIPTION	To Construct, Operate & Maintain an Infrastructure Port Road Project.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

1. Profit & Loss Account includes Rs. 2.83 Lacs (Previous year Rs.0.54 Lacs) accounted for during the year based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

   As per the arrangements with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI by debiting the account.

2. Contingent liabilities:
   Claims against the company not acknowledged as debts in respect of contractors claims under Arbitration amounting to Rs.2634.15 Lacs (Previous year Rs.2634.15 Lacs). The contractors M/s M.Venkata Rao had made petition under Arbitration against the recommendation of Dispute Review Board (DRB) wherein the DRB has recommended the claims at Rs.1.96 Lacs only, which was duly paid by the company in August, 2007.

3. The Income Tax department raised demands of tax and interest amounting to Rs. 21.87 Lacs for assessment year 2006-07. The company has filed an appeal with CIT (A) and is hopeful that it will be allowed, therefore no provision for the demand have been made.

Further in respect of the above Assessment year penalty proceedings u/ s 271(1)(c) were also initiated which were kept in abeyance.

4. All the directors of the company are nominees of National Highways Authority of India, the parent organization except one who is nominee of Visakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

5. During the year, the company does not have whole time company secretary as per the applicable provisions of the Companies Act.

6. In the opinion of the Management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

7. The estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: Rs.NIL (Previous Year Rs. 3.46 Lacs)

8. As per the Memorandum of Understanding dated 8th November, 2006 between NHAI, VPT & the Company, Interest on sub debts/ senior debts is payable @ 4% p.a. till the year in which senior debt is repaid in full.

   a. The Company have been providing interest payable to VPT at higher rate up to 31.03.2008. In the current year the provision has been made @ 4% p.a. Further a sum of Rs. 120.04 Lacs has been reversed on account of excess provision of interest on Sub-debt from VPT. Out of the above Rs. 46.36 Lacs has been adjusted from Fixed Assets since the same was capitalized in earlier years and Rs. 73.67 Lacs was credited to Profit & Loss Account.

   b. The Company have been providing interest payable to NHAI at higher rate till 31.03.2008. In the current year the provision has been made @ 4% p.a. Further a sum of Rs. 503.69 Lacs has been reversed on account of excess provision of interest on Sub-debt from NHAI. Out of the above Rs. 226.04 Lacs has been adjusted from Fixed Assets since the same was capitalized in earlier years and Rs. 277.65 Lacs was charged to Profit & Loss Account.

9. The unsecured sub-debts and senior debts taken from National Highways Authority of India (NHAI) and Vishakhapatnam Port Trust (VPT) include interest accrued till 31.3.2009. In view of non-finalization of repayment schedule of these loans, the amount of loan payable within one year is not ascertainable.

10. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of staff on deputation from NHAI/other Govt. departments.

11. The Company has Deferred Tax Assets (net) as at the Balance Sheet date which has not been recognized as a matter of prudence in terms of Accounting Standard (AS – 22) "Accounting of Taxes on Income" issued by Institute of Chartered Accountants of India. The company has unabsorbed depreciation and carried forward losses under tax laws and there is no virtual certainty that taxable income will be available in near future against which deferred tax could be realized.

12. Earnings per share

(Rupees in Lacs)

	Current Year	Previous Year
Net loss (-) as per profit & loss Account	Rs. (-)117.57	Rs. (-) 840.07
Weighted average no. of equity share outstanding during the year	300.50	300.50
Weighted average no. of equity share as denominator for calculating EPS	300.50	300.50
Basic and Diluted Earnings per share of nominal value of	(-) 0.39	(-) 2.80

	Current Year	Previous Year
Rs.10 each		

13. Expenditure in foreign currency NIL NIL

14. Loans & Advances include amount due from:

(Rupees in Lacs)

	Current Year	Previous Year
A. National Highway Authority of India	10.24	NIL
B. Calcutta Haldia Port Road Company Ltd	0.18	0.14
C. Chennai Ennore Port Road Company Ltd.	0.18	0.14
D. Cochin Port Road Company Ltd	0.41	0.14
E. Mormungao Port Road Company Ltd.	0.16	0.14
F. Moradabad Toll Road Company Ltd.	0.02	0.14
G. Mumbai JNPT Port Road Company Ltd.	0.16	0.14
H. New Mangalore Port Road Company Ltd	0.16	0.14
I. Tuticorin Port Road Company Ltd.	0.40	0.38
J. Paradip Port Road Company Ltd.	NIL	0.14

15. Excess provision for expenses written back includes:

(Rupees in Lacs)

	Current Year
1. Interest upto 31.03.08 (NHAI)	Rs. 277.65
2. Interest upto 31.03.08 (VPT)	Rs. 73.67
3. Other Adjustments	Rs. 0.28
TOTAL	**Rs. 351.60**

16. The company being a wholly state owned enterprise as defined under Accounting Standard – 18 on Related Party Disclosure, accordingly no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

17. As per Concession agreement between SPV and VPT, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual lease rent of Rs. 1/- for the specified duration , accordingly, liability towards annual lease charges has been provided in the books for the year.

18. Borrowings cost capitalized during the year are Nil (Previous Year Nil).

19. Provision for impairment loss as required by AS – 28 on "Impairment of Assets" is not necessary as in the opinion of management; there is no impairment of assets during the year.

20. Operating lease
The company's significant leasing arrangements are in respect of operating lease under non cancelable renewable operating lease premises for residential use of staff taken on deputation.

The lease rental expenses have been recognized in the profit and loss account for the year. The future minimum lease payments of these operating leases are as follows:

(Rupees in Lacs)

Particulars	Total minimum lease payments outstanding	
	As on 31.03.2009	As on 31.03.2008
Not later than 1 year	2.68	0.16
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	**2.68**	**0.16**

21. The company had no amounts payable to small scale industrial undertakings as defined under section 3 (j) of Industries (Development and Regulation) Act, 1951 as at 31st March, 2009 for more than 30 days in excess of Rs. 1.00 Lacs (Previous Year Nil).

    Similarly, there is no amount payable to Micro, Small and Medium enterprises suppliers as defined under Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.

22. Balances under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

23. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with this year's presentation.

24. Additional information pursuant to Part IV of Schedule VI to Companies Act, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I **<u>REGISTRATION DETAILS</u>**

REGISTRATION No.	109014
STATE CODE	55
BALANCE SHEET DATE	31.03.2009

II **<u>CAPITAL RAISED DURING THE YEAR</u>**

(AMT IN LACS Rs.)

PUBLIC ISSUE	NIL
BONUS ISSUE	NIL

III **<u>POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS</u>**

(AMT IN LACS Rs.)

TOTAL LIABILITIES	11,282.35
TOTAL ASSETS	11,282.35

<u>SOURCES OF FUNDS</u>

PAID UP CAPITAL	3,005.00
SECURED LOANS	NIL
UNSECURED LOANS	8,182.95

	APPLICATION OF FUNDS	
	NET FIXED ASSETS	9,818.58
	INVESTMENTS	NIL
	NET CURRENT ASSETS	145.65
	MISCELLANEOUS EXPENDITURE	13.64
	ACCUMULATED LOSSES	1,210.08
IV	**PERFORMANCE OF THE COMPANY**	
	TURNOVER	802.74
	TOTAL EXPENDITURE	925.66
	(LOSS)/PROFIT BEFORE TAX	(122.92)
	(LOSS)/PROFIT AFTER TAX	(117.57)
	EARNING PER SHARE	(0.39)
	DIVIDEND RATE %	-
V	**GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY AS PER MONETARY TERMS**	
	(ITC CODE) PRODUCT DESIGN	N.A.
	SERVICE DESCRIPTION	To Construct, Operate & Maintain an Infrastructure Port Road Project.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	**2013**	**2012**	**2011**	**2010**	**2009**
Earning per share (Basic/Diluted) (`)	0.49	(0.50)	(1.10)	(1.93)	(0.39)
Return on net worth (%)	11.59%	-13.35%	-23.69%	-47.70%	-6.55%
Net asset value per equity share (`)	4.20	3.71	4.21	4.04	5.97
Weighted average number of equity shares outstanding during the year / period (in crore)	3.73	3.73	3.39	3.01	3.01
Total number of share outstanding at the end of the year / period (in crore)	3.73	3.73	3.73	3.01	3.01
Debt Equity Ratio	3.81	4.61	4.06	5.24	3.95

Notes:

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

<u>Year ended March 31, 2013</u>

1. According to the information and explanations given to us, no undisputed amaount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/3013 for a period of more than six months from the date they became payable.

Name of the Statute	**Nature of dues**	**Amount Rs. (In Lakhs)**	**Period to which amount relates**	**Forum where dispute is pending**
Income Tax, Act 1961	Penalty Under Section 271(1)	11.41	Assessment Year 2006-07	CIT (Appeal), New Delhi

<u>Year ended March 31, 2012</u>

1. According to the information and explanations given to us, there are no disputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess that has not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in following table:-

STATEMENT OF DISPUTED DUES

Name of Statute	**Nature of Dues**	**Amount (Rs. In lakhs)**	**Period to Which the Amount Relates**	**Forum Where Dispute is Pending**
Income Tax Act, 1961	Penalty Under Section 271 (1) (c)	11.41	A.Y 2006-07	CIT (Appeals) N. Delhi
Income Tax Act, 1961	Assessed Tax and Interest	5.26	A.Y 2007-08	DCIT Circle 17 (1), & CIT (Appeals) N. Delhi.

<u>Year ended March 31, 2011</u>

1. According to the information and explanation given to us there are no undisputed amounts payable in respect of Income Tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty and Cess that has not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the following table:

Name of Statute	**Nature of Dues**	**Amount (Rs. In lakhs)**	**Period to Which the Amount Relates**	**Forum Where Dispute is Pending**
Income Tax Act, 1961	Penalty Under Section 271 (1) (c)	11.41	A.Y 2006-07	CIT (Appeals) N. Delhi
Income Tax Act, 1961	Assessed Tax and Interest	5.26	A.Y 2007-08	DCIT Circle 17 (1), & CIT (Appeals) N. Delhi.

<u>Year ended March 31, 2009</u>

Annexure to the Auditor's Report

1. According to the information and explanation given to us there are no undisputed amounts payable in respect of Income Tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty and Cess that has not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the following table:

Name of Statute	Nature of Dues	Amount (in Rs.)	Period to Which the Amount Relates	Forum Where Dispute is Pending
Income Tax Act, 1961	Assessed Tax and Interest	2,187,102/-	A.Y 2006-07	CIT (Appeals) XXI

APPENDIX III

CRISIL RATINGS

CONFIDENTIAL

NJ/CGS/NATHIAU/NOV13/97415

November 01, 2013

Mr. Madhup Kumar
Chief General Manager - Finance
National Highways Authority of India
G 5 & 6, Sector- 10, Dwarka
New Delhi - 110075
Tel 011 25074100/ Extn 2479

Dear Mr. Kumar,

Re: CRISIL Rating for the Rs. 50.0 Billion Tax Free Bond of National Highways Authority of India

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, assigned a **"CRISIL AAA/ Stable"** (pronounced "CRISIL triple A rating with stable outlook") rating to the captioned Debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Abraham Oommen
Manager – Ratings Operations,
Process & Quality

Nitesh Jain
Associate Director – Corporate & Infrastructure Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CONFIDENTIAL

Ref No: VK/NHAI/SN/26759
December 16, 2013

CRISIL RATINGS

Mr. Madhup Kumar
Chief General Manager - Finance
National Highways Authority of India
G-5 & 6, Sector – 10
Dwarka
New Delhi – 110075

Tel. #: 011- 25074100 Ext. 2479

Dear Sir,

Re: CRISIL Rating for the Rs. 50.0 billion Tax Free Bond of National Highways Authority of India

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please find in the table below the ratings outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Billion)	Rating Outstanding
1	Tax Free Bond	50.0	CRISIL AAA/Stable

As per our Rating Agreement, CRISIL would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. Additionally, the rating lists in its publications such as RatingScan and BLR Connect are also updated to reflect the latest ratings outstanding. CRISIL reserves the right to suspend, withdraw, or revise the rating assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Manish Kumar Gupta
Director–Corporate & Infrastructure Ratings

Vaibhav Kapoor
Associate Director–Corporate & Infrastructure Ratings

CRISIL RATINGS

Details of the Rs. 50.0 billion Tax Free Bond issue of National Highways Authority of India

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

November 01, 2013
Mumbai

National Highways Authority of India

'CRISIL AAA/Stable' assigned to tax free bond issue

Rs.50 Billion Tax-free Bonds	CRISIL AAA/Stable (Assigned)
Rs.40 Billion Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
Rs.100 Billion Tax-free Bonds	CRISIL AAA/Stable (Reaffirmed)
Rs.90 Billion Long-Term Borrowing Programme	CRISIL AAA/Stable (Reaffirmed)

CRISIL has assigned its **'CRISIL AAA/Stable'** rating to the Rs.50-billion tax free bond issue of National Highways Authority of India (NHAI), while reaffirming its rating on existing debt instruments at 'CRISIL AAA/Stable'.

CRISIL's rating on NHAI continues to reflect NHAI's strategic importance to the Government of India (GoI) and also factors in NHAI's strong financial risk profile, driven by continued support from the GoI.

Road sector reforms are one of the key areas identified by the GoI for removing infrastructure bottlenecks. NHAI, constituted by an act of the Indian Parliament, is the nodal agency entrusted with the vital responsibility of implementing the National Highways Development Project (NHDP) on the GoI's behalf.

The Golden Quadrilateral project that covers 5846 kilometres (km) is complete. The North-South-East-West (NSEW) corridor was 86 per cent complete as on September 30, 2013; 601 km is under implementation and 372 km is yet to be awarded. However, due to constraints such as delays in land acquisition and environmental clearances, law and order problems in certain states, and poor performance of contractors, the NSEW corridor's completion target has been revised to December 2015 from December 2009. For Phase III (connecting state capitals and places of tourist and commercial importance with NHDP Phase I and Phase II), Phase IV (two-laning with paved shoulders), and Phase V (six-laning of select stretches on the Golden Quadrilateral), the GoI has focussed on increasing participation from the private sector; the projects are awarded on a build-operate-transfer (BOT) basis.

NHAI faced delays in awarding of contracts to private players due to modifications in Model Concession Agreement (MCA), economic slowdown, and cap on maximum number of bidders in the Request for Qualification. However, the BK Chaturvedi Committee recommended changes in the MCA, release of the entire viability gap funding during the construction period, and awarding of projects in the three modes (toll, annuity, and cash contracts) concurrently and not sequentially. Subsequent to acceptance of these recommendations, from November 2009 onwards, awarding of contracts under public-private partnership has been expedited.

CRISIL Complexity Levels are assigned to various types of financial instruments. The CRISIL Complexity Levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the CRISIL Complexity Levels for instruments that they desire to invest in. Investors may also call the Customer Service Helpdesk with queries on specific instruments.

NHAI awarded 1,933 km during 2012-13 (refers to financial year, April 1 to March 31) against nearly 7,400 km in 2011-12. While 2011-12 saw the maximum length of road projects awarded in a single year, most of these projects are yet to take off in terms of implementation. Nearly two-thirds of the total length awarded in 2011-12 is either stalled or has been terminated by NHAI. For 33 projects aggregating 4,650 km and Rs.450 billion in terms of investments, execution has not yet started on account of multiple issues including funding constraints, land acquisition problems and delays in obtaining clearances.

CRISIL believes that implementation of the recommendations made by the BK Chaturvedi Committee, and increased focus on resolution of land acquisition issues will enable NHAI to improve the pace of completion of the NHDP programme over the medium term. CRISIL also believes that NHAI will retain its strategic importance, given its role of an implementation agency for one of the GoI's largest projects in the country (estimated cost of more than Rs.2470 billion).

NHAI has a strong financial position, predominantly because of the continuous support it gets from the GoI for implementing the projects. This includes allocation of cess on fuels, earmarking of budgetary resources, and flexibility to raise funds through capital gains bonds and tax-free infrastructure bonds. The allocation of cess on fuel constituted 55 per cent of NHAI's capital employed as on March 31, 2013. In 2012-13, NHAI received Rs.60.0 billion as cess funds. NHAI also receives funds from the GoI in the form of additional budgetary support for the development of national highways, and by way of grants and loans for execution of externally aided projects. These grants and additional support from the GoI constituted nearly 29 per cent of NHAI's capital employed as on March 31, 2013. The funds provided to NHAI by the GoI are also used for servicing debt.

NHAI is one of the two bodies authorised to float bonds that qualify for capital gains tax exemption under Section 54 EC of the Income Tax Act, 1961. In 2011-12, NHAI raised Rs.25.11 billion through this bond programme and an additional Rs.100 billion through 10- and 15-year tax-free infrastructure bonds. During 2012-13, it had raised around Rs.29 billion and plans to raise about Rs.40 billion in 2013-14 through bonds eligible for capital gains tax exemption. Though majority of the projects awarded on BOT basis require viability gap funding, NHAI has also received negative grants from the concessionaire for certain commercially viable stretches.

Outlook: Stable
CRISIL believes that the GoI will continue to support NHAI, given the GoI's focus on the road sector and the key role that NHAI plays in implementing the NHDP.

About the Company
NHAI, set up under the National Highways Authority of India Act, 1988, began operations in February 1995. As an implementing arm of the GoI, NHAI is responsible for developing, maintaining, and managing national highways. NHAI is mandated to implement NHDP, India's largest-ever highways project for creating world-class roads that will ensure uninterrupted traffic flow. Apart from Phase I to V, two more phases—covering expressways (Phase VI), and construction of ring roads, grade-separated intersections, flyovers, and by-passes (Phase VII) — have been added to the NHDP programme. Thus, as on September 30, 2013, NHDP had seven phases covering around 50,000 km. NHAI is also responsible for implementing other national highway projects, mainly those for ensuring connectivity with major ports.

Media Contacts	Analytical Contacts	Customer Service Helpdesk
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Note:
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About CRISIL Ratings
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Fax : + 91 11 45333238
Website : www.careratings.com

Mr. Madhup Kumar,
Chief General Manager (Fin),
National Highway Authority of India,
G-5 & 6, Sector 10, Dwarka
New Delhi - 110045

November 8, 2013

Confidential

Dear Sir,

Credit rating for long-term tax free bonds aggregating Rs.5,000 crore

Please refer to your request for rating of proposed long-term tax saving bonds aggregating to Rs.5,000 crore of NHAI. The proposed bond issue would have tenure of 10 to15 years with bullet repayment at the end of tenth/fifteenth year.

2. Our Rating Committee has assigned a **'CARE AAA' [Triple A]** rating to the aforesaid bonds issue. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various medium and long term instruments are annexed. The rationale for the rating will be communicated to you separately.

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is November 8, 2013).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the bonds have been placed.

CARE Ratings

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the bond issue, including the offer document and the trust deed.

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.

9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

10. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Jatin Babbar
Assistant General Manager

Sachin Mathur
Deputy Manager

Encl : As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE Ratings

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C.
The modifiers reflect the comparative standing within the category.

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Fax : + 91 11 45333238
Website : www.careratings.com

Mr. Madhup Kumar,
Chief General Manager (Fin),
National Highway Authority of India,
G-5 & 6, Sector 10, Dwarka
New Delhi - 110045

December 19, 2013

Confidential

Dear Sir/Madam,

Credit rating for proposed long-term tax free bonds aggregating Rs.5,000 crore

Please refer to our letter dated November 8, 2013 and your request for revalidation of the rating assigned to the proposed long-term tax free bonds of National Highways Authority of India (NHAI), for a limit of Rs.5,000 crore.

2. Our Rating Committee has reaffirmed the rating of **'CARE AAA' [Triple A]** to the proposed bond issue of NHAI, aggregating to Rs.5,000 crore, The proposed bond issue would have tenure of 10 to15 years with bullet repayment at the end of tenth/fifteenth year.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also

be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Jatin Babbar
Assistant General Manager

Sachin Mathur
Deputy Manager

Encl : As above

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments –

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

***Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C.* The modifiers reflect the comparative standing within the category.**

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Website : www.careratings.com

Mr. Madhup Kumar,
Chief General Manager (Fin),
National Highway Authority of India,
G-5 & 6, Sector 10, Dwarka
New Delhi - 110045

November 15, 2013

Dear Sir,

Credit rating for long-term tax free bonds aggregating Rs.15,000 crore

Please refer to our letters dated November 8, 2013 on the above subject.

2. The rationale for the ratings is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.

3. A write-up (brief rationale) on the above ratings is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.

4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 19, 2013, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

Jatin Babbar
Assistant General Manager

Sachin Mathur
Deputy Manager

Encl: As above

Annexure I

Rating Rationale

National Highways Authority of India

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term tax free bonds (series I - 10 year, series II – 15 years)	10,000	CARE AAA [Triple A]	Reaffirmed
Long-term tax free bonds	5,000	CARE AAA [Triple A]	Assigned
Long-term Capital gain bonds	-	-	Withdrawn*
Total Facilities	**15,000**		

** On account of redemption of CARE rated bonds*

Rating Rationale

The ratings continue to take into account the high level of support that NHAI receives from the Government of India (GoI) due to its strategic importance as the country's nodal agency for implementing various road sector projects including various phases of National Highways Development Programme (NHDP). The outlook on NHAI reflects the outlook on the sovereign, whose direct and indirect support is the key driver of the rating. NHAI was incorporated as an autonomous body under the National Highway Authority Act 1988 and the rating takes into account the constitutional status imparting credit strength to the authority.

Going forward, the fund-based and non-fund based support that NHAI receives from GoI and successful execution of its mandate would remain the key rating sensitivities.

Background

National Highway Authority of India (NHAI) was constituted u/s 3(1) of the National Highway Authority Act 1988 and started operations in February, 1995 to develop, maintain and manage national highways in the country. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The mission of

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

NHAI is to meet the nation's need for the provision and maintenance of national highway networks to world standards within the strategic policy framework as set by GoI.

NHAI has a well defined organization structure and is managed by Board Members (whole-time and part-time). The board is headed by Shri Rajinder Pal Singh who was appointed as Chairman of NHAI on June 11, 2012. There are other experienced full-time members individually looking after finance, technical and administration.

Credit Risk Assessment

Support from GoI

GoI owns 100% stake in NHAI. NHAI receives continuous support from GoI in the form of capital grants, allocation of cess funds and Additional Budgetary Support (ABS).

Strategic importance as the country's nodal agency for road sector projects

NHAI is the nodal agency responsible for the development and maintenance of National Highways. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The charter of NHAI is set out in the National Highways Act, 1956 and National Highways Authority of India Act, 1988 which covers delegation of power and functions of the highway administration to NHAI, enhanced powers for land acquisition and right to collect tolls for road projects on its own or through third parties.

Current operational performance

After the announcement of NHDP in the year 1999 and with the approval of NHDP Phase-I in 2000, the scope of NHDP has been enlarged substantially. During FY13, NHAI has awarded 11 road projects during FY13 (all under PPP mode) for a length of 1,115.76 Km (against projected 7,464 km) and total project cost aggregating Rs.9,380.73 crore. The award activity in FY13 was sluggish due to economic slowdown, issues pertaining to environment & forest clearance, land acquisition problems and poor response from construction companies for projects under PPP mode.

In view of this, the road ministry has curtailed the projects award target to 5,000 Km for FY14 in comparison with a target of 9,500 km target set for FY13. In order to overcome the constraints faced for awarding projects under PPP mode, NHAI plans to award up to 4,000 Km road projects through engineering, procurement and construction (EPC) contracts in FY14.

Status of various programmes under NHDP and other NHAI projects as on September 30, 2013

Phase	GQ*	NS-EW I & II	III	IV	V	VII	Total NHDP	SARDP-NE	Others (incl port connectivity & NH-34)	Total by NHAI
Total Length (Km.)	5,846	7,142	12,109	14,799	6,500	700	**47,096**	388	1,844.5	**49,329**
Already 4/6-Laned (Km.)	5,846	6,169	5,692	304	1,603	21	**19,635**	69	1,536	**21,240**
Under Implementation (Km.)	0	601	4,732	4,179	2,477	20	**12,009**	43	288.5	**12,341**
Contracts under implementation (No.)	6	53	89	34	28	2	**212**	2	9	**223**
Balance length for award (Km.)	-	372	1,685	10,316	2,420	659	**15,452**	276	20	**15,748**

* *GQ: Golden Quadrilateral, NS-EW: North-South-East-West Corridor, SARDP-NE: Special Accelerated Road Development Programme for North Eastern Region*

Strong financial flexibility

During FY13, NHAI was allocated cess funds of Rs.6,003 crore (Rs.6,187 crore in FY12) out of the Central Road Fund (CRF) and Additional Budgetary Support (ABS) of Rs.2,023 crore (Rs.1,212 crore in FY12). This led to rise in Tangible Net-worth by 20% (y-o-y) to Rs.94,728 crore as on March 31, 2013. Due to strong Net-worth base and 100% stake by GoI, NHAI has strong financial flexibility resulting into inflow of unsecured loans from multilateral financing institutions (viz ADB, World Bank, JBIC) and private sector participation (via the PPP model) to execute projects within India. Furthermore, NHAI has been authorized under National Highways Act, 1956 to raise funds from capital market through bonds, debentures etc. As mandated under Union Budget 2012-13, NHAI has issued Capital Gains Tax Exemption Bonds u/s 54-EC of Income Tax Act, 1961, aggregating Rs.2,902.06 crore in FY13 (Rs.2,511.51 crore in FY12).

Prospects

The growth prospects of NHAI shall be governed by the fund and non-fund based support extended by the government of India, increasing infrastructure investment as envisaged and speeding up statutory approval process in order to attract private investment through PPP route.

Financial Performance

(Rs. Cr)

Year ended / as on March 31,	2011	2012	2013
	12m, A	*12m, A*	*12m, A*
Total Income	38	35	15
PBILDT	(106)	(121)	(153)
Net Profit	(112)	(126)	(157)
CWIP	79,164	92,444	106,440
Equity Share Capital	801	801	801
Cess Funds/ Budgetary Support	54,394	63,984	79,840
Capital Grants	13,676	13,675	13,675
Tangible Net-worth	69,283	78,872	94,728
Total Borrowings	6,801	17,378	18,603
Total Capital Employed	76,084	96,250	113,331
Total Investments	1,076	1,133	1,198
Cash & Bank balances	2,866	11,002	7,730

Annexure II

Brief Rationale

CARE reaffirms/assigns ratings to the bonds of National Highways Authority of India

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term tax free bonds	10,000	CARE AAA [Triple A]	Reaffirmed
Long-term tax free bonds	5,000	CARE AAA [Triple A]	Assigned
Long-term Capital gain bonds	-	-	Withdrawn*
Total Facilities	**15,000**		

** On account of redemption of bonds*

Rating Rationale

The ratings continue to take into account the high level of support that NHAI receives from the Government of India (GoI) due to its strategic importance as the country's nodal agency for implementing various road sector projects including various phases of National Highways Development Programme (NHDP). The outlook on NHAI reflects the outlook on the sovereign, whose direct and indirect support is the key driver of the rating. NHAI was incorporated as an autonomous body under the National Highway Authority Act 1988 and the rating takes into account the constitutional status imparting credit strength to the authority.

Going forward, the fund-based and non-fund based support that NHAI receives from GoI and successful execution of its mandate would remain the key rating sensitivities.

Background

National Highway Authority of India (NHAI) was constituted u/s 3(1) of the National Highway Authority Act 1988 and started operations in February, 1995 to develop, maintain and manage national highways in the country. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The mission of NHAI is to meet the nation's need for the provision and maintenance of national highway networks to world standards within the strategic policy framework as set by GoI.

NHAI has a well defined organization structure and is managed by Board Members (whole-time and part-time). The board is headed by Shri Rajinder Pal Singh who was appointed as Chairman of NHAI on June 11, 2012. There are other experienced full-time members individually looking after finance, technical and administration.

For FY13 (refers to the period April 1 to March 31), NHAI achieved a total operating income of Rs.15.43 crore which includes sale of tender documents (Rs.14.12 crore), fee for services (Rs.0.66 crore) and miscellaneous receipts (Rs.0.62 crore). During FY13, NHAI was allocated cess funds of Rs.6,003 crore out of the Central Road Fund (CRF) and Additional Budgetary Support (ABS) of Rs.2,023 crore. During FY13, NHAI has awarded 11 road projects during FY13 (all under PPP mode) for a length of 1,115.76 Km (against projected 7,464 km) and total project cost aggregating Rs.9,380.73 crore.

Analyst Contact
Name: Jatin Babbar
Tel: 011-45333246
Mobile: +91-9999568722
Email: jatin.babbar@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Brickwork RATINGS

BWR/BNG/RL/2013-14/NS/0225
November 19, 2013

Mr. G. Suresh
Chief General Manager (FA),
National Highways Authority of India (NHAI),
G-5 & 6, Sector-10, Dwarka,
New Delhi - 110075

Dear Mr. Suresh,

Sub: Validation of Rating – NHAI's proposed Tax-free Bonds for ₹ 5000 Crores (INR Five Thousand Crores only)

Ref: (1) Your email dated November 13, 2013
(2) Our rating letter no. BWR/BNG/RL/2013-14/NS/0215 dated November 12, 2013

We refer to your email dated November 13, 2013 and advise that the rating of **BWR AAA [Pronounced BWR Triple A] (Outlook: Stable)** for NHAI's proposed Tax Free Bonds Issue of ₹ 5000 Crores (INR Five Thousand Crores only) rated by us and advised vide Letter No. BWR/BNG/RL/2013-14/NS/0215 dated November 12, 2013 is valid up to November 11, 2014.

Instruments with **BWR AAA** Rating are considered to have the **highest degree of safety** regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Please note that all terms and conditions of our letter no. BWR/BNG/RL/2013-14/NS/0215 dated November 12, 2013 remain unchanged.

On completion of the borrowing, please furnish details of security and other aspects related to the borrowing.

Best Regards,

Brickwork Ratings India Pvt. Ltd.

M.S.R. Manjunatha
Director - Ratings

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Brickwork Ratings

BWR/BNG/RL/2013-14/NS/0269 December 24, 2013

Sh. Madhup Kumar
Chief General Manager (Fin)
National Highways Authority of India (NHAI)
G-5 & 6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

Sub: Revalidation of Rating – NHAI's proposed long term Tax-free Bonds aggregating ₹ 5000 Crores (INR Five Thousand Crores only)

Ref: (1) Your email dated December 16, 2013
(2) Our rating letters no. BWR/BNG/RL/2013-14/NS/0215 dated November 12, 2013 and BWR/BNG/RL/2013-14/NS/0225 dated November 19, 2013
(3) Bombay Stock Exchange Notice No. 20131206-9 dated December 06, 2013

We refer to the above and advise that NHAI's proposed Tax-Free bonds issue aggregating ₹ 5000 Crores carries a **BWR AAA [Pronounced BWR Triple A] (Outlook: Stable)** Rating which is valid up to November 11, 2014. Instruments with **BWR AAA** Rating are considered to have the **highest degree of safety** regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

BWR notes that of the aggregate amount of ₹ 5000 Crores bonds issue rated, NHAI has raised bonds aggregating ₹ 1301.60 Crores through private placement and the current unutilized portion is ₹ 3698.40 Crores. Please note that all terms and conditions of our letter no. BWR/BNG/RL/2013-14/NS/0215 dated November 12, 2013 remain unchanged.

On completion of the borrowing, please furnish details of security and other aspects related to the borrowing.

Best Regards,

Vidya Shankar
General Manager - Ratings

Brickwork Ratings India Pvt. Ltd.

Rating Rationale

Brickwork Ratings assigns 'BWR AAA' for National Highways Authority of India's proposed Tax-free Bonds Issue for ₹ 5000 Cr

Brickwork Ratings has assigned **'BWR AAA'** [BWR Triple A] **Rating**[1] with **'Stable' Outlook** for National Highways Authority of India's *('NHAI' or 'the Authority')* Proposed Long term Tax Free Bond Issue for an amount of ₹ 5000 Cr.

The Rating, inter alia, factors the NHAI's strong resource base created through Government of India (GOI) budgetary allocations and capital grants, status as an autonomous body constituted under an Act of Parliament and its pivotal role in the development, maintenance and management of the national highways under GOI's National Highways Development Project, and other national highways entrusted to it. Besides, NHAI enjoys financial flexibility to supplement its resources, being empowered by the GOI to raise funds by issuing tax-free bonds and tax-exemption bonds.

In respect of the proposed Tax free bonds issue mentioned above, as per the Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) Notification dated August 08, 2013, NHAI has been authorized to issue, during FY14, tax free, secured, redeemable, non-convertible bonds, up to ₹ 5000 Cr.

NHAI's Strategic Mandate

National Highways Authority of India (NHAI) was constituted through an act of Parliament, the National Highways Authority of India Act, 1988, and became operational in February, 1995. It is an extended arm of the Ministry of Road Transport and Highways (MORTH), Government of India.

Road infrastructure in India accounts for over 60% of freight movement and over 85% of passenger traffic thereby contributing significantly to trade and economic development of the country. The Central Government is primarily responsible for development and maintenance of highways that are designated as National Highways (NH). With a view to upgrade the capacity of road network, GOI in 2000 initiated the National Highway Development Project (NHDP) with an estimated investment of about Rs. 2.48 Lakh Crore, spread over seven phases. The project envisages improvement of about 54,500 km of NH network. GOI also initiated Special Accelerated Road Development Programme in the North Eastern Region (SARDP-NE) and special programme for development of roads in Left Wing Extremism affected ***areas***[2]**.** NHAI has been mandated to implement NHDP and other highway projects entrusted to it by GOI.

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[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

[2] **34 districts in 8 States of Andhra Pradesh, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Maharashtra, Orissa and Uttar Pradesh**

The Authority thus plays a key role in implementing the said mandate, functioning in accordance with rules and regulations framed under NHAI Act and within the strategic policy framework set by the GOI.

Strong Resource Base and Financial Flexibility

NHAI has a strong resource base that comprises capital provided by the GOI, external assistance and market borrowings. As of March 2013, NHAI's total capital employed stood at Rs. 113,331 Cr.

Capital funds provided by the GOI comprise capital base, allocation of a portion of Cess on petrol and diesel from Central Road Fund, additional budgetary support and plough-back of toll remittances, negative grant etc. These are made through GOI's annual budgetary allocation through the MORTH. External assistance from international institutions like World Bank (WB), Asian Development Bank (ADB) etc is also received through GOI budgetary allocations in the form of capital grants and loans (grants:loans :: 80:20). However, fresh external assistance has not been received during FY12 and FY13. NHAI utilizes these funds towards capital and revenue expenditures which include expenditure on projects under NHDP, maintenance of NH, payment of annuities and repayment of loans.

NHAI has borrowing powers also as per the NHAI Act. It has supplemented its resources by raising long term debt from the domestic market and debt from international institutions passed on by GOI to NHAI. NHAI's total borrowings stood at Rs. 18603 Cr in FY13 (Rs.17378 Cr in FY12). That comprised tax free secured redeemable, non-convertible bonds aggregating Rs. 10000 Cr, Capital Gain tax free bonds under Section 54EC of Income Tax Act 1961 aggregating Rs. 7574 Cr and unsecured loans from GOI, ADB aggregating Rs. 1030 Cr.

Table 1: NHAI - Sources of Funds

Year Ended 31st March, (₹ Cr)	2011	2012	2013
Capital	55195	64785	80641
Reserve & Surplus	412	412	412
Capital Grants	13676	13675	13675
Borrowings	6801	17378	18603
Total Capital Employed	**76084**	**96250**	**113331**

Board of Directors

The Board of Directors of NHAI comprises a mix of executive and non-executive Directors, presently having nine members, all appointed by the Central Government. Presently, Mr. R. P. Singh is the Chairman of the Authority.

Operational Performance

NHAI operates on a business model that relies on outsourcing of a number of activities including design, construction, supervision, operation and maintenance instead of taking all such activities on its own. NHDP is being implemented in all seven phases except Phase VI that involves construction of 1000 km of expressways at an estimated cost of Rs. 16680 Cr. Phase wise status as of September 2013 is as per Table 2 below.

Table 2: NHDP & Other NHAI Projects as of 30-Sep-2013 (Source: NHAI)

In Kilometres (Km.)	Total Length	Already 4/6Laned	Under Implementation	Balance length for award
Golden Quadrilateral	5,846	5,846	0	-
NS – EW Phase I & II	7,142	6,169	601	372
NHDP Phase III	12,109	5,692	4,732	1,685
NHDP Phase IV	14,799	304	4,179	10,316
NHDP Phase V	6,500	1,633	2,447	2,420
NHDP Phase VI	1,000	-	-	1,000
NHDP Phase VII	700	21	20	659
NHDP Total	**48,096**	**19,665**	**11,979**	**16,452**
Port Connectivity	380	374	6	0
Others (Ph.-I, Ph.-II & Misc.)	1390	1146	224	20
NH(O)	69	16	53	-
SARDP -NE	388	69	43	276
NH-34	6	-	6	-
Total by NHAI	**50,329**	**21,270**	**12,311**	**16,748**

Notes: NS-EW: North South-East West

The progress of NH development has slowed down due to various issues involving land acquisition, environmental and forest clearances, approval of rail over bridges and sub-par performance of contractors. NHAI also recognizes economic slowdown, drying up of funding from banks and developers/concessionaires' own limitations to execute the projects as factors responsible for subdued response to NHAI's awards of projects. During FY13, of the targeted 7464 km of NH length to be awarded, NHAI was able to award projects for only 1115.76 km. Further, disputes with concessionaires/contractors have arisen in the recent years. Arbitration and court cases involving Rs. 14002.59 Cr were pending against the Authority as of March 2013 as against Rs. 10187.31 Cr in the previous year. Policy initiatives taken by the GOI to clear hurdles for land acquisition, clearance process, and dispute resolution would be vital to further streamline and expedite the development of NHs.

Rating Outlook

Brickwork Ratings recognizes the strategic importance of NHAI as a strategic institution and its crucial role of implementing GOI's growth impetus plans in the roads sector. It is an extended arm of the MORTH, and hence has access to budgetary support of the Government of India. BWR expects this would translate into continuous support from the Government for NHAI to achieve its objectives, and meet all its financial obligations.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com

Annexure I: NHAI's Abridged Balance Sheet (Amt in ₹ Cr)

Year Ended 31st March	2011	2012	2013
SOURCES OF FUNDS			
Capital	55195.06	64785.34	80641.11
Reserve & Surplus	411.98	411.98	411.98
Grants	13676.19	13674.89	13674.89
Borrowings	6800.69	17377.76	18603.22
TOTAL SOURCES OF FUNDS	**76083.94**	**96249.99**	**113331.23**
APPLICATION OF FUNDS			
Net Block	35.96	35.34	35.90
Less: Assets created out of grants	6.13	6.13	6.13
Capital Work in Progress	79163.94	92443.95	106440.23
Fixed Assets	79193.78	92473.18	106470.01
Investment (at cost)	1075.92	1132.63	1198.47
Net Current Assets	(4185.76)	2644.18	5662.75
TOTAL APPLICATION OF FUNDS	**76083.94**	**96249.99**	**113331.23**

Annexure II: NHAI's Abridged (Amt in ₹ Cr)

Year Ended 31st March	2011	2012	2013
Other Income	37.81	34.80	15.41
Total Income	**37.92**	**34.83**	**15.43**
Expenditure	**149.83**	**160.98**	**172.54**
Profit (+)/Loss (-) for the year	**-111.91**	**-126.14**	**-157.11**
Add: Prior Period items net (+/-)	-5.36	-8.33	-6.06
Less: Net establishment Expenses for the year transferred to CWIP	117.27	134.47	163.18
Net Profit	**0.00**	**0.00**	**0.00**

APPENDIX IV

No. 2903/STCL/DT/2013-14

Date: December 24, 2013

To,

Members of the Board
National Highways Authority of India
G 5&6, Sector 10,
Dwarka,
New Delhi - 110 075
India.

Sirs,

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE").

We, the under named, hereby give our consent to act as Bond Trustee for the Issue pursuant to regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, as amended, and to our name and details being inserted as Bond Trustee to the Issue in the draft shelf prospectus ("**Draft Shelf Prospectus"),** to be filed with the BSE Limited and/or the National Stock Exchange of India Limited **("Stock Exchange(s)")** for the purpose of receiving public comments on the shelf prospectus ("**Shelf Prospectus**") and tranche prospectus ("**Tranche Prospectus**") to be filed with Stock Exchange(s) and Security and Exchange Board of India ("SEBI") as well as any abridged prospectus, all related advertisements, and subsequent communications to be sent to the holders of Bonds pursuant to the Issue, other correspondence and necessary documents which the Issuer intends to issue in respect of the proposed Issue

We hereby authorise you to deliver this letter of consent to the Stock Exchange(s), SEBI or any other regulatory authorities as may be required by law.

The following details with respect to us may be disclosed:

Name: SBICAP Trustee Company Limited.
Address: Apeejay House, 6th Floor, 3, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.
Tel: 022 – 4302 5555
Fax: 022 – 4302 5500
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact Person: Mr.Ajit Joshi (Company Secretary)
Investor Grievance e-mail: investor.cell@sbicaptrustee.com
SEBI Registration No: IND000000536

We certify that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Issuer.

We shall immediately intimate the Lead Managers and the Issuer of any changes, additions or deletions in respect of the aforestated details till the date when the Bonds are listed and admitted for trading on the Stock Exchange(s). In absence of any such communication from us, the above information should be taken as updated information until the listing and commencement of trading of the Bonds on the Stock Exchange(s).

Yours faithfully,

For SBICAP Trustee Company Limited

Ajit Joshi
Company Secretary

Cc:
[*MV Kini*]

Encl: SEBI registration certificate and declaration

SBICAP Trustee Company Ltd.

ANNEXURE A

To,

Members of the Board
National Highways Authority of India
G 5&6, Sector 10,
Dwarka,
New Delhi-110 075,
India.

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO. 61/2013/ F. NO.178/37/2013- (ITA.I) DATED AUGUST 08, 2013 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2013-2014 ("ISSUE").

Subject: Statement showing registration details of Bond Trustee to the Issue as follows:

1. Registration Number	: IND000000536
2. Date of expiry of registration	: 06th October 2015
3. Renewal of registration, if applied for renewal, date of application	: NA
4. Any communication from SEBI prohibiting [name of certifying entity] from acting as Bond Trustee	: NA
5. Any enquiry/investigation being conducted by SEBI	: NA

We shall immediately intimate the Lead Managers and the Issuer of any changes, additions or deletions in respect of the aforestated details till the date when the Bonds are listed and admitted for trading on the Stock Exchange(s). In absence of any such communication from us, the above information should be taken as updated information until the listing and commencement of trading of the Bonds on the Stock Exchange(s).

Yours faithfully,
For SBICAP Trustee Company Limited

Ajit Joshi
Company Secretary

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000233

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

SBICAP TRUSTEE COMPANY LIMITED
202, MAKER TOWER
"E" WING, 20TH FLOOR
CUFF PARADE
MUMBAI – 400 005

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000536**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

OCTOBER 07, 2010 TO OCTOBER 06, 2013

Deemed initial registration granted from 07/10/2013 to 06/10/2015 in terms of SEBI (Debenture Trustee) (Amendment) Regulations, 2011

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **AUGUST 27, 2013**

M J Sonparote

MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

jai kaushal