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BOARD OF DIRECTORS

Gopi K Arora
Chairman

R K Bhargava
Piyush Mankad

P T Thomas
Hari Sankaran

Arun K Saha

K Ramchand
(Alternate Ravi Parthasarathy)

Deepak Premnarayan

Pradeep Puri
President & CEO

Monisha Macedo
Company Secretary

Audit Committee

Gopi K Arora
Chairman

R K Bhargava
P T Thomas
Arun K Saha

Monisha Macedo
Company Secretary

HRD Committee

Gopi K Arora
Chairman

Hari Sankaran
K Ramchand
(Alternate Ravi Parthasarathy)

Investor Grievance Committee

R K Bhargava
Chairman

Gopi K Arora
Piyush Mankad

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts for the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

(Rs in Million)

| | Year ended 31.3.2006 | Year ended 31.3.2005 |
|--|----------------------|----------------------|
| Income from Operations | 390.03 | 305.90 |
| Other Income | 16.71 | 11.46 |
| Operating & Administration Expenses | 118.60 | 91.24 |
| Miscellaneous Expenditure written off | 25.40 | 15.17 |
| Profit before Interest & Depreciation | 262.74 | 210.95 |
| Interest & Finance charges | 232.54 | 373.59 |
| Depreciation | 3.34 | 2.34 |
| Provision for Tax / FBT | 0.78 | Nil |
| Transfer from General Reserve | Nil | 27.31 |
| Net Profit/(Loss) carried to Balance Sheet | 26.08 | (137.67) |

The Profit before Interest & Depreciation has increased by more than 30% over the previous year mainly due to increase in Average Daily Traffic and Average Daily Toll collection by more than 15% and 22% respectively.

There has been a substantial reduction in interest and finance charges during the year, consequent to implementation of the Scheme of Arrangement with the Secured Creditors including the Deep Discount Bondholders under Section 391 of the Companies Act, 1956, sanctioned by the Honorable High Court at Allahabad. This has led to the first ever book profit earned by the Company since its inception.

The Company has issued Equity Shares, at a premium, against Global Depository Receipts (GDR) listed on the Alternative Investment Market (AIM) of the London Stock Exchange in the month of March/April 2006 and has consequently raised Rs 2071.59 million net of issue expenses.

The Company had obtained approval from the Department of Company Affairs vide its letter dated December 14, 2003 for not charging Depreciation on the Delhi Noida Link Bridge for a period of three years commencing Financial Year 2003-04. Accordingly, depreciation on the bridge has not been provided for during the current Financial Year. The quantum of arrears of depreciation for the financial years 2003-04, 2004-05 and 2005-06 amounts to Rs 208.56 million, which will be charged over the remaining useful life of the asset.

As per the Concession Agreement, which the Company had entered into with New Okhla Industrial Development Authority (NOIDA) and Infrastructure Leasing & Financial Services Limited (IL&FS), the Company would be entitled to a designated rate of return on the Project Cost during the Concession Period. The Independent Auditor, M/s. A. F. Ferguson & Company, Chartered Accountants, have determined accrued return as designated under the Concession Agreement and due to the Company till March 31, 2006 amounting to Rs. 9533.92 million as on March 31, 2006, inclusive of project cost.

GLOBAL DEPOSITORY RECEIPT (GDR):

In the month of March/April 2006, the Company launched a Global Depository Receipt Issue for listing on the Alternative Investment Market (AIM) of the London Stock Exchange. The Company raised Rs. 2071.59 million net of issue expenses. The funds were raised for the purpose of repayment of term loans and construction of the Mayur Vihar Link. Pending implementation of the Mayur Vihar Link, the funds were utilised towards repayment of loans and fresh funds will be borrowed for the link.

The listing and trading permissions for these shares has been obtained from both the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd.

DEBT RESTRUCTURING:

As per the terms of debt restructuring approved by the CDR, the Company was required to repay the second instalment of Term Loans of Rs. 501.5 million to the Banks and Financial Institutions on March 31, 2006. The Company has made the repayment out of the proceeds of the GDR. The Company has utilised the balance proceeds of the GDR in April 2006 to prepay the Senior Lenders as approved by the CDR during April/May 2006.

The Company had filed, in FY 2004-05, a Scheme of Arrangement with its Secured Creditors including the Deep Discount Bondholders in the Hon'ble High Court of Allahabad under Section 391 of the Companies Act, 1956. The Scheme was approved by the Hon'ble High Court in October 2005. 10,815 of the 1,00,000 Deep Discount Bonds (DDBs) originally issued, continue to be held by investors for a revised maturity value of Rs. 20,715 per bond as per the approved Scheme. The details of the Scheme have been incorporated in the Notes to Accounts. The balance DDBs were taken out by the Take Out Lenders, IDFC and IL&FS and thereafter converted into term loans.

DIVIDEND:

The Directors do not recommend any dividend for the year.

OPERATIONS:

Traffic Growth

The traffic has shown a positive growth rate of 15% p.a. during 2005-06 over the previous year. The average daily traffic (ADT) during the year was 60,840 vehicles as against 52,860 vehicles in the previous year. The month-wise traffic and revenue data is presented in the Table below:

Traffic and Toll Revenue on DND Flyway (April-2005 – March 2006)

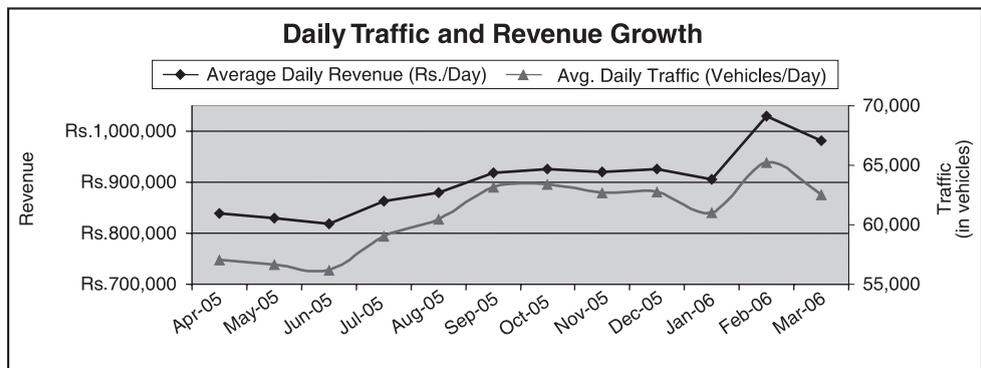
| Month | Buses/ Trucks | Two- Wheelers | Cars | Total | Traffic Growth* | Revenue | Revenue Growth* |
|----------------|------------------|------------------|--------------|--------------|--------------------|---------------|--------------------|
| Apr-05 | 1472 | 15900 | 39719 | 57091 | 17% | 839276 | 24% |
| May-05 | 1241 | 15825 | 39620 | 56686 | 19% | 829265 | 26% |
| Jun-05 | 1234 | 16076 | 38877 | 56187 | 12% | 818591 | 20% |
| Jul-05 | 1215 | 16568 | 41297 | 59080 | 14% | 862160 | 22% |
| Aug-05 | 1264 | 17407 | 41843 | 60514 | 17% | 879047 | 24% |
| Sep-05 | 1295 | 18002 | 43843 | 63140 | 18% | 918399 | 27% |
| Oct-05 | 1392 | 18261 | 43778 | 63431 | 19% | 925043 | 27% |
| Nov-05 | 1277 | 16894 | 44505 | 62675 | 11% | 921217 | 18% |
| Dec-05 | 1304 | 16510 | 44981 | 62795 | 13% | 925762 | 19% |
| Jan-06 | 1312 | 15564 | 44170 | 61045 | 14% | 906382 | 20% |
| Feb-06 | 1386 | 17361 | 46469 | 65215 | 16% | 1030109 | 23% |
| Mar-06 | 1184 | 16768 | 44552 | 62504 | 13% | 981132 | 20% |
| Average | 1298 | 16761 | 42804 | 60840 | 15% | 903032 | 22% |

*over the corresponding period in the previous year.

The Average Toll Revenue/Day has increased from Rs.0.74 million in FY 2004-05 to Rs. 0.90 million in FY 2005-06, showing an increase of 22%.

The traffic and revenue growth is depicted in Chart 1 below:

Chart 1



The traffic mainly comprised of cars (70%) and two wheelers (28%). Whereas cars contributed to 80% of the total revenue, 2-wheelers and commercial vehicles accounted for 14% and 6% respectively. The vehicle class-wise distribution of traffic/revenue is shown below in Chart 2-1 and Chart 2-2.

Chart 2-1

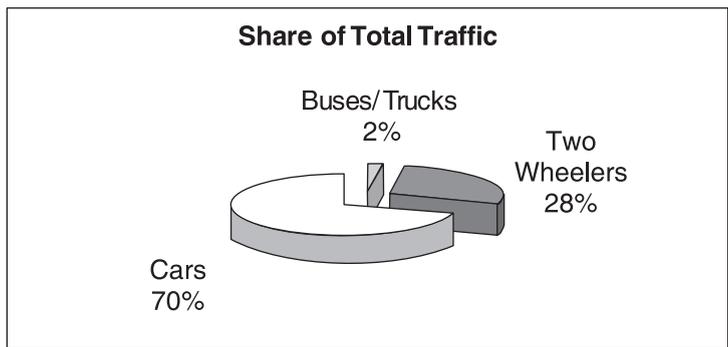
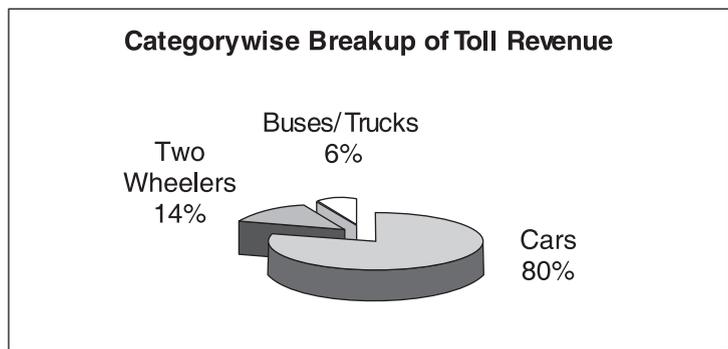


Chart 2-2



DEVELOPMENT RIGHTS:

As reported in the previous Annual Report, the Company is in possession of land around the facility, located in Noida and Delhi, which could be used for development purposes. New Okhla Industrial Development Authority (NOIDA) has conveyed its in-principle approval to grant development rights.

The Company had set up a 100% subsidiary, DND Flyway Ltd., for the implementation of development rights and part of the surplus land on the Noida side has been transferred to the subsidiary.

NEW LINK:

As had been mentioned in the last Annual Report, the Company had initiated development of the Mayur Vihar Link Project and was awaiting the lease of lands required for the project from the Uttar Pradesh Irrigation Department.

The UP Government has approved the allotment of 36.02 acres of land for the project, on lease, through NOIDA. Consequent to the approval, the Company issued the notice to commence to the Contractor in June 2006.

The link would result in further saving in travel time and distance, inducing Mayur Vihar residents to use the DND Flyway as their preferred route to South Delhi. The initial traffic on the Mayur Vihar Link is expected to be approximately 10,000 vehicles per day.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A Management Discussion & Analysis Report is attached to this report.

SHARE CAPITAL:

The Authorised Capital of the Company was increased to Rupees 2 billion at an Extraordinary General Meeting of the members of the Company, held on January 24, 2006.

The issued and subscribed equity capital of the Company has increased due to allotments under the Company's Employee Stock Option Plan 2004 and the Equity Shares issued pursuant to the GDR issue of the Company in March/April, 2006.

1,13,63,636 GDRs were issued representing 5,68,18,180 Equity Shares (each GDR represents 5 underlying Equity Shares) in March 2006 and 11,36,363 GDRs (being the 10% greenshoe option) were issued in April 2006, representing 56,81,815 Equity Shares. 12,95,000 Employee Stock Options representing an equal number of Equity Shares were allotted under the Company's Employee Stock Option Plan, ESOP 2004.

The Issued and Subscribed Equity Share Capital of the Company on March 31, 2006 was Rs. 180,41,31,870/- which increased to Rs. 186,19,50,020/- after the allotment of the greenshoe option for the GDR on April 10, 2006 as well as ESOP allotments.

SUBSIDIARY:

The audited accounts of the Company's subsidiary - DND Flyway Limited, together with the report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956, as well as Consolidated Financial Statements of the Company along with its subsidiary as required under the Listing Agreement, are attached.

The Company has not made any loans and advances in the nature of loans, to its subsidiary, or companies in which its Directors are interested.

DIRECTORS:

Mr. Deo Dutta, Chairman & CEO, New Okhla Industrial Development Authority, was appointed in his ex-officio capacity as an Additional Director, at the Meeting of the Board of Directors of the Company held on, June 28, 2004. His appointment was confirmed at the Annual General Meeting of the Company

held on September 15, 2004. Due to a change in his portfolio, his resignation was noted by the Board of Directors at their meeting held on July 29, 2005.

Mr. Ravi Mathur, Chairman, Board of Revenue, Government of Uttar Pradesh, was invited to join the Board of the Company as Independent Director. On receipt of his consent he was appointed as an Additional Director at the Meeting of the Board of Directors held on October 25, 2004. Due to a change in his portfolio, his resignation was noted by the Board of Directors at their meeting held on July 29, 2005.

Mr. Awnish Awasthi, CEO, New Okhla Industrial Development Authority, was invited to join the Board of the Company. On receipt of his consent, he was appointed as an Additional Director at the Meeting of the Board of Directors held on July 29, 2005. Due to a change in his portfolio, his resignation was noted by the Board of Directors of the Company at their meeting held on September 28, 2005.

Mr. Pradeep Kumar Sethi was appointed as a non-retiring, Nominee Director representing Industrial Development Bank of India, with effect from September 24, 2002. Due to a withdrawal of his nomination by IDBI, his resignation was taken on record by the Board of Directors of the Company with effect from August 17, 2005. Mr. P. T. Thomas was appointed as a non-retiring, Nominee Director representing Industrial Development Bank of India with effect from August 17, 2005.

Mr. Stephen Temple was nominated by Asian Infrastructure Mezzanine Capital Fund (AIMCF), at the Meeting of the Board of Directors of the Company held on September 6, 2002. Consequent to a sale of their shareholding in the Company, the nomination was withdrawn with effect from October 6, 2005.

Mr. Santosh Senapati, was appointed as Nominee Director representing AIG Indian Sectoral Equity Fund, at the Meeting of the Board of Directors of the Company held on January 5, 2001. Consequent to a sale of their shareholding, the nomination was withdrawn and resignation was taken on record by the Board of Directors with effect from October 13, 2005.

Mr. Shahzaad Dalal, was appointed as Nominee Director representing AIG Indian Sectoral Equity Fund, at the Meeting of the Board of Directors of the Company held on January 25, 2000. Consequent to a sale of their shareholding, the nomination was withdrawn and resignation was taken on record by the Board of Directors with effect from November 21, 2005.

Mr. Manoj Borkar, was appointed as an Alternate Director to Mr. Shahzaad Dalal, Director, at the Board Meeting held on April 21, 2005. Pursuant to withdrawal of his nomination by AIG Indian Sectoral Equity Fund, his resignation was taken on record by the Board of Directors with effect from September 14, 2005.

Mr. Timothy Woodhead was appointed as Nominee Director representing Intertoll Management Services BV at the Meeting of the Board of Directors of the Company held on April 26, 2001. Due to withdrawal of his nomination, his resignation was noted by the Board of Directors with effect from November 29, 2005.

Mr. Julian Thomas was appointed as Alternate Director to Mr. Timothy Woodhead, Director, at a meeting of the Board of Directors held on October 25, 2004. Consequent to the resignation of Mr. Timothy Woodhead, from the Board of Directors of the Company, his appointment lapsed with effect from November 29, 2005.

Mr. Deepak Premnarayan, was nominated on the Board of Directors by Intertoll Management Services BV, as their Nominee Director. He was appointed as an Additional Director at the Meeting held on December 30, 2005, and vacates his office at the forthcoming Annual General Meeting of the Company.

In accordance with the requirements of the Companies Act, 1956, one third of the Directors are liable to retire by rotation. Mr. Gopi Arora, Mr. Arun Saha and Mr. K. Ramchand, Directors, are due to retire by rotation at this Tenth Annual General Meeting. They are eligible for re-appointment.

None of the Directors of the Company are disqualified from being appointed as Directors, as specified under Section 274 of the Companies Act, 1956.

FIXED DEPOSITS:

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

EMPLOYEES STOCK OPTION PLANS:

I ESOP 2004

Under ESOP 2004, the shareholders' approval was taken for stock options in respect of 15,00,000 Equity Shares of Rs.10/- each. Out of said 15,00,000 options total 12,95,000 options were exercised by the employees.

| Particulars | Options | |
|---|----------------|-----------|
| Total options available | | 15,00,000 |
| Less : Exercised on August 10, 2005 | 4,76,000 | |
| Exercised on October 18, 2005 | 7,03,500 | |
| Exercised on March 29, 2006 | 15,500 | |
| Exercised on May 9, 2006 | 1,00,000 | |
| Total number of options exercised during the year | | 12,95,000 |
| Options Lapsed during the year & available for re-grant | | 1,40,000 |
| Other options available for grant | | 65,000 |
| Total | | 15,00,000 |

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is attached as Annexure '1' to this report.

II ESOP 2005

At the Extraordinary General Meeting of the Shareholders of the Company, held on January 24, 2006, the members approved the Company's second Employee Stock Option Plan (ESOP 2005) for stock options in respect of 12,50,000 Equity Shares of Rs. 10 each, to the Directors and Employees of the Company.

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is attached as Annexure '1' to this report.

Auditors Certificates on compliance with SEBI (ESOS & ESPS) Guidelines form a part of this Annual Report.

LISTING:

The Company's Equity Shares aggregating to Rs. 186,19,50,020/- are listed on the Bombay Stock Exchange and the National Stock Exchange of India Ltd.

10,815 Secured Deep Discount Bonds are listed on Bombay Stock Exchange, the National Stock Exchange of India Ltd. and the UP Stock Exchange Association Ltd.

Pursuant to the Company's Issue of Global Depository Receipts (GDR), the GDRs were listed on the Alternative Investment Market (AIM) segment of the London Stock Exchange in March / April 2006.

The Annual Listing Fees for Financial Year 2006-2007 have been paid to the aforementioned Stock Exchanges.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS):

Pursuant to listing on the Alternative Investment Market (AIM) Segment of the London Stock Exchange, the Company is required to prepare and submit annual and semi annual financial statements under IFRS to AIM. A reconciliation of Equity and Income statements under Indian GAAP and IFRS results as on March 31, 2006 has been included in this Annual Report and the IFRS results are available on the Company's web site i.e. www.ntbcl.com.

PARTICULARS OF EMPLOYEES:

Three employees employed throughout the year were in receipt of remuneration of Rs. 24 lacs or more per annum. In accordance with the provisions of Section 217 of the Companies Act, 1956 and the rules framed thereunder, the name and other particulars of the employee is set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company does not own any manufacturing facilities hence particulars with regard to energy conservation and technology absorption are not applicable.

The Company has not earned any foreign exchange during the year. The foreign exchange outgo details are given below :-

| | As at March 31, 2006 | As at March 31, 2005 |
|------------------------|----------------------|----------------------|
| | (Rs) | (Rs) |
| Travel | 1,125,567 | 418,240 |
| Payment to Contractors | 729,891 | 733,149 |

CORPORATE GOVERNANCE:

A report on Corporate Governance pursuant to the provisions of Clause 49 of the Listing Agreement is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Section 217 (2AA) of the Companies Act, 1956, as amended in December 2000, requires the Board of Directors to provide a statement to the members of the Company in connection with maintenance of books, records, preparation of Annual Accounts in conformity with the accepted Accounting Standards and past practices followed by the Company. Pursuant to the foregoing, and on the basis of a representation received from the operating management, and after due enquiry, it is confirmed that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

STATUTORY AUDITORS:

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

ACKNOWLEDGEMENTS:

The Board of Directors place on record the continued support extended to them by the various Government authorities, Banks, Financial Institutions and Investors of the Company.

The Directors would also like to place on record their appreciation for the hard work and dedication of the employees of the Company, at all levels.

By order of the Board
For NOIDA TOLL BRIDGE COMPANY LIMITED

Mr. Gopi Arora
Chairman

Noida
Uttar Pradesh

Date: July 19, 2006

Annexure '1'

| INFORMATION REGARDING THE EMPLOYEE STOCK OPTION SCHEMES (pertains to the options granted & exercised since disclosures made in the Annual Report 2004-2005 to 19-07-2006) | | |
|---|---|--|
| | ESOP - 2004 | ESOP - 2005 |
| A) Number of Options granted | Nil** | Nil** |
| B) Date of Grant | N.A.** | N.A.** |
| C) Vesting Period | N.A. | N.A. |
| D) Pricing formula | <p>The Exercise Price for the Options shall be the price as worked out by calculating the average of weekly highs and lows in the six months preceding the month of Grant. The average of such averages for all weeks in such period of six months shall be the Exercise Price. In case the price calculated on this basis falls below par it will be deemed to be at par for such purpose.</p> <p>The price mentioned above shall be the price on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, but quoted only on one stock exchange on the given date, then the price on that stock exchange should be considered. If the share price is quoted on more than one stock exchange, then the stock exchange where there is highest trading volume on that date should be considered. If share price is not quoted on the given date, then the share price on the next trading day should be considered.</p> | <p>The Exercise Price for the Options shall be the higher of the following two averages:</p> <ul style="list-style-type: none"> • The average of the weekly high and low of the closing prices of the share during the six months preceding the month of grant • The average of the weekly high and low of the closing prices of the share during the two weeks preceding the month of grant <p>The price mentioned above shall be the price on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, but quoted only on one stock exchange on the given date, then the price on that stock exchange should be considered. If the share price is quoted on more than one stock exchange, then the stock exchange where there is highest trading volume on that date should be considered. If share price is not quoted on the given date, then the share price on the next trading day should be considered.</p> |
| E) Number of Options Vested* | 14,35,000 | Nil |
| F) Number of Options Exercised* | 12,95,000 | Nil |
| G) Number of shares arising as a result of exercise of options* | 12,95,000 | Nil |

| | | |
|--|-------------|------|
| H) Number of Options lapsed* | 1,40,000 | N.A. |
| I) Variation of terms of options | N.A. | N.A. |
| J) Money realised by exercise of options | 1,29,50,000 | N.A. |
| K) Number of Options in force | Nil | N.A. |

* All pertain to grants made in the last financial year.

** On May 11, 2006, the HRD Committee of Directors granted 2,05,000 options under ESOP 2004 and 12,49,900 options under ESOP 2005. Based on requests received from employees, the HRD Committee recommended to the Board of Directors that these grants be withdrawn. The Board of Directors at their Meeting held on July 19, 2006 withdrew and cancelled these grants with effect from the date of the grant. Hence no grants have been made either under ESOP 2004 or ESOP 2005 during this period.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development / Competition and Threats

There are two bridges which cross the Yamuna River in the same influence area as the Delhi Noida Toll Bridge, namely Nizamuddin Bridge and Okhla Barrage, both of which are toll free. Both these bridges are close to saturation point, particularly, during peak hours. The maximum capacity of the Delhi Noida Bridge is 220,000 vehicles per day. The traffic on the bridge has grown from approximately 17,000 vehicles per day in March 2001 to more than 65,000 vehicles per day in March 2006.

The Delhi Metro Rail Corporation is proposing to extend the Connaught Place - Anand Vihar ISBT line to Noida. The line is scheduled to open in 2010 and will largely, cater to commuters travelling between Noida and Central Delhi. The extension of the metro line to Noida is unlikely to significantly reduce the amount of traffic using the Delhi Noida Bridge and its main effect will be to reduce the number of commuters using other forms of public transport such as buses.

Risks and Concerns

As reported in the last Annual Report, the Concession Agreement provides for traffic risk mitigation measures by allowing for New Okhla Industrial Development Authority (NOIDA) to grant Development Rights. The Company has, in its possession, land around the DND Flyway both in Noida and Delhi, which will be developed in phases, subject to grant of Development Rights by NOIDA/Govt. of UP/ Govt. of Delhi, which are under process. The denial of Development Rights or conditional grant of the same will pose a financial threat to the Company.

Segment-wise and Product-wise Performance

Revised traffic projections were approved by the Senior Lenders to the Company during the process of approval of the Company's debt restructuring by the Corporate Debt Restructuring Empowered Group of Banks and Financial Institutions (CDR) w.e.f. April 1, 2002. Accordingly, the comparison of traffic for the period April 1, 2005 to March 31, 2006 is given based on the revised projections.

| Class | 2 Wheelers | Cars | Trucks/Buses | Total |
|--------------------|-------------------|-------------|---------------------|--------------|
| Projected | 18893 | 35677 | 1988 | 56558* |
| Actual | 16761 | 42804 | 1298 | 60864 |
| Achievement | 89% | 120% | 65% | 108% |

* includes 7,953 vehicles/day from the proposed Mayur Vihar Link, the implementation of which was delayed due to delay in allotment of Land by Department of Irrigation, Government of Uttar Pradesh

Outlook

The outlook for continued growth in traffic using the Delhi Noida Bridge is positive. An independent traffic forecast and business valuation review undertaken by Halcrow Consulting has estimated that daily vehicle trips on the Delhi Noida Bridge will increase to 200,504 in the financial year ending 2021. Traffic levels on the Delhi Noida Bridge are expected to increase as Noida and Greater Noida experience development and population growth. In its review, Halcrow Consulting estimate total population growth of an additional 2 million people in Noida and Greater Noida areas by 2021.

Pursuant to the restructuring of the Deep Discount Bonds and repayment of term loans out of the proceeds of the GDR issue, the interest and finance charges have reduced substantially in the financial year 2006-07. The Mayur Vihar Link is expected to be commissioned during the financial year 2006-07 and traffic from the link will be fully realised in the financial year 2007-08.

Internal Control System and their Adequacy

The Company has a well-defined internal control system for all areas of operation under the supervision of the HRD Committee, Audit Committee, Investor Grievance Committee and Marketing Committee of Directors.

The Toll Collection and Management System has inbuilt self audit capabilities. The Company has independently conducted both system and financial audits on the toll operations.

The Company has well devised internal control systems to monitor business and operational performance, which are aimed at ensuring business integrity and promoting operational efficiency. The Company has appointed M/s. Patel & Deodhar, Chartered Accountants as Internal Auditors to ensure that the company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company.

The Internal Auditors conduct a periodic audit and review covering all areas of operations, based on an audit programme. The reports of the auditors along with the management's response are placed before the Audit Committee for discussion and further action. The Audit Committee also reviews the annual accounts of the Company before they are submitted to the Board for their approval and adoption.

Financial and Operational Performance

The year 2005-06 was a landmark year in the history of the Company as this was the first year in which the Company has recorded profit since the commencement of its operation in February 7, 2001.

The Company has shown all round improvement in performance during the year. The financial and operational performance as compared to the projections made to the CDR are as shown below:

| | Rs in Million | | |
|--------------------------------------|--------------------|------------|-----------|
| | Projections to CDR | Actual | Variation |
| Toll Income | Rs 256.9 | Rs 330.7 | 28.7% |
| Advertisement & Other Income | Rs 20.7 | Rs 76.0 | 26.7% |
| Average Daily Traffic | 56,261 nos | 60,840 nos | 8% |
| Average toll realisation per vehicle | Rs 12.51 | Rs 14.83 | 19% |

The traffic growth on DND Flyway has been impressive - from 52,860 vehicle/day in 2004-05 to 60,840 vehicle/day during 2005-06 i.e. an increase of more than 15%. It is expected that the buoyancy in traffic will continue in future.

Human Resources

The Company has a lean organization with a staff strength of 14. Qualified, personnel reporting to the President & CEO, head the key functions such as Finance, Secretarial, Marketing and Operations.

Cautionary Statement

Certain statements in the Management Discussion and Analysis Report describing the Company's objectives, estimates and expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors, which could make a difference to the Company's operations include traffic, government concessions, network improvements, changes in government regulations and other incidental factors over which the Company does not have any direct control.

Annexure to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

(1) Corporate Governance

The Company has always maintained that efforts to institutionalise corporate governance practices cannot solely rest upon adherence to a regulatory framework. An organisation's business practices, reflected in the values, personal beliefs and actions of its employees, determine the quality of corporate governance.

The Board of Directors fully support and endorse corporate governance practices as per the provisions of listing agreements. The Company has complied with the said provisions and listed below is the Report of Directors of Noida Toll Bridge Company Limited on Corporate Governance.

(2) Board of Directors

(i) Composition of the Board

The Board of Directors comprises of eight members and one Alternate Director. All the Directors on the Board are non-executive. The Board comprises of four Independent Directors (including the Chairman) and five nominee directors who, bring a wide range of skills and experience to the Board.

The composition of the Board of Directors as on July 19, 2006 is as given below:

| Sl. No. | Name | Executive/ Non-Executive | Independent/Promoter/ others | Representing/Nominee |
|---------|--|-----------------------------|---------------------------------|--|
| 1. | Mr. Gopi Arora, Chairman | Non-Executive | Independent | - |
| 2. | Mr. R K Bhargava | Non-Executive | Independent | - |
| 3. | Mr. Piyush G Mankad | Non-Executive | Independent | - |
| 4. | Mr. P. T. Thomas | Non-Executive | Independent | Industrial Development Bank of India (IDBI) - Lender |
| 5. | Mr. Hari Sankaran | Non-Executive | Promoter/Nominee Director | IL&FS - Lender and Equity Investor |
| 6. | Mr. Arun K Saha | Non-Executive | Promoter/Nominee Director | IL&FS - Lender and Equity Investor |
| 7. | Mr. K. Ramchand (Alternate : Mr. Ravi Parthasarathy) | Non-Executive | Promoter/Nominee Director | IL&FS - Lender and Equity Investor |
| 8. | Mr. Deepak Premnarayan | Non-Executive | Nominee Director | Intertoll Management Services BV O&M Operator |

Note :

The composition of the Board is in conformity with the Listing Agreement.

(ii) Directorships / Committee Memberships / Committee Chairmanships

Details of the Directorships and Committee Memberships/Chairmanships on Committees of public companies (including Noida Toll Bridge Company Limited), held by all the Directors on the Board as specified in their disclosures submitted to the Company, are as provided below:

| Sl. No. | Board of Directors | No. of Directorships | No. of Memberships of Committees* | No. of Chairmanships of Committees |
|---------|---------------------------|----------------------|-----------------------------------|------------------------------------|
| 1. | Mr. Gopi Arora (Chairman) | 14 | 6 | 2 |
| 2. | Mr. R K Bhargava | 7 | 7 | 3 |
| 3. | Mr. Piyush G Mankad | 8 | 3 | 1 |
| 4. | Mr. P. T. Thomas | 3 | 2 | - |
| 5. | Mr. Ravi Parthasarathy | 14 | 1 | 1 |
| 6. | Mr. Hari Sankaran | 13 | 2 | - |
| 7. | Mr. Arun K Saha | 15 | 8 | 3 |
| 8. | Mr. K Ramchand | 14 | 5 | - |
| 9. | Mr. Deepak Premnarayen | 1 | - | - |

* Memberships in committees includes the Chairmanships.

Notes :

(a) For the purpose of considering the total number of Directorships, all public limited companies, whether listed or not, have been considered. Private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, however, have not been included. Further only the Audit Committee and the Shareholders' Committee termed as Investor Grievance Committee have been considered for calculating the total number of Committee memberships held by a Director.

(b) Directorships do not include Alternate Directorships.

(iii) Meetings Held

Eight meetings of the Board of Directors were held in the financial year 2005-2006 on the following dates:-

1. April 21, 2005
2. June 20, 2005
3. July 29, 2005
4. September 28, 2005
5. October 19, 2005
6. December 30, 2005
7. January 12, 2006
8. February 21, 2006

Information specified under Annexure 1A of Clause 49 of the Listing Agreement has been placed before the Board of Directors at the aforesaid meetings. The Board was presented with a report on compliances with various statutes and applicable laws, every quarter.

(iv) Attendance

Attendance of each Director at the Meetings of the Board of Directors held during the Financial Year 2005-2006 (April 1, 2005 to March 31, 2006) and at the last Annual General Meeting (AGM) :

| Sl. No. | Board of Directors | No. of Board Meetings held during the tenure | No. of Board Meetings attended | Attendance at the last AGM held on September 28, 2005 |
|---------|--|--|--------------------------------|---|
| 1. | Mr. Gopi K Arora (Chairman) | 8 | 7 | ✓ |
| 2. | Mr. R K Bhargava | 8 | 8 | – |
| 3. | Mr. Piyush Mankad | 8 | 5 | – |
| 4. | Mr. Ravi Mathur* | 2 | – | Not Applicable |
| 5. | Mr. Deo Datta* | 2 | – | Not Applicable |
| 6. | Mr. P K Sethi* | 3 | 3 | Not Applicable |
| 7. | Mr. Ravi Parthasarathy | 8 | 7 | ✓ |
| 8. | Mr. Hari Sankaran | 8 | 5 | – |
| 9. | Mr. K Ramchand | 8 | 2 | – |
| 10. | Mr. Arun K Saha | 8 | 5 | ✓ |
| 11. | Mr. Stephen Temple* | 4 | – | – |
| 12. | Mr. Shahzaad Dalal* Alternate Director: Mr. Manoj Borkar* | 5 | 1 | – |
| 13. | Mr. Santosh Senapati* | 4 | – | – |
| 14. | Mr. Timothy James Woodhead* Alternate Director: Julian Thomas* | 5 | 2 | – |
| 15. | Mr. Awnish Awasthi*** | 1 | 1 | Not Applicable |
| 16. | Mr. Deepak Premnarayen** | 3 | 3 | Not Applicable |
| 17. | Mr. P. T. Thomas** Observer (representing IDBI): Mr. Suman Kumar** | 5 – | 3 2 | – – |

* Resignations during the year:

- Mr. Ravi Mathur, resigned with effect from July 29, 2005.
- Mr. Deo Datta, resigned with effect from July 29, 2005.
- Mr. P. K. Sethi, resigned with effect from August 17, 2005.
- Mr. Stephen Temple, resigned with effect from October 6, 2005.
- Mr. Santosh Senapati resigned with effect from October 13, 2005.
- Mr. Shahzaad Dalal, resigned with effect from November 21, 2005.
- Mr. Timothy James Woodhead resigned with effect from November 29, 2005.
- Mr. Julian Thomas resigned with effect from November 29, 2005.

**Appointments during the year:

- Mr. P. T. Thomas, was appointed with effect from August 17, 2005.
- Mr. Deepak Premnarayen, was appointed with effect from December 30, 2005.

*** Mr. Awnish Awasthi, was appointed with effect from July 29, 2005 and he has resigned with effect from September 28, 2005.

(3) Audit Committee

- (i) The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (ii) The Company Secretary of the Company acts as the Secretary to the Committee.
- (iii) The terms of reference of the Audit Committee are as given under Clause 49 of the Listing Agreement of the Stock Exchanges and inter alia includes:
- Overseeing the Company's financial position and the disclosure of it's financial information to ensure that the financial statements are correct.
 - Reviewing with management the quarterly financial statements before submission to the Board of Directors for approval.
 - Overseeing appointment of auditors and reviewing the Company's internal audit reports.
 - Investigating any activity within its terms of reference. It can seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant expertise.
- (iv) The Company did not enter into any material individual transactions with related parties, outside the normal course of business. Financial Statements are prepared in conformity with the Accounting Standards.
- (v) The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2005, to answer shareholder queries.
- (vi) Four meetings of the Audit Committee were held in the financial year 2005-2006. The dates on which the said meetings were held are as follows: June 20, 2005, July 29, 2005, October 19, 2005 and January 12, 2006.
- (vii) The composition of the Audit Committee and details of meetings attended by the members of the Audit Committee are given below:

| Name | Category | No. of Meetings held during tenure | No. of Meetings Attended |
|--|----------------------------|---|---------------------------------|
| Mr. Gopi K Arora, Chairman | Independent, Non-Executive | 4 | 4 |
| Mr. R K Bhargava | Independent, Non-Executive | 4 | 4 |
| Mr. Arun K Saha | Non-Executive | 4 | 2 |
| Mr. P.K. Sethi** | Independent, Non-Executive | 2 | 2 |
| Mr. P. T. Thomas*** As Observer: Mr. Suman Kumar | Independent, Non-Executive | 2 | 1 1 |

** Resigned with effect from August 17, 2005.

*** Appointed with effect from August 17, 2005.

- (viii) The necessary quorum was present at all the meetings.

(4) Remuneration Committee – Termed HRD Committee of Directors

- (i) The Company constituted a Remuneration Committee termed HRD Committee of Directors on January 12, 1999 in accordance with the provisions of the Listing Agreement.

- (ii) The broad terms of reference of the HRD Committee are as under :
- Reviewing HRD policy, the compensation policy relating to salary, performance related pay, increments, promotions, allowances, perquisites, loan and interest subsidy facilities and other forms of reward or compensation for the employees of the Company.
 - Administration and superintendence of the Employee Stock Option Plans of the Company.
- (iii) The Company's remuneration policy has been spelt out in its Employee Handbook which has been approved by the HRD Committee of Directors. Any amendments to the same are also subject to the approval of the HRD Committee of Directors.
- (iv) As all directors in the Company are Non-Executive they are not paid any compensation except sitting fees, reimbursement of expenses incurred to attend meetings and Stock Options in some cases.
- (v) Four meetings of the HRD Committee were held in the financial year 2005-2006. The dates on which the said meetings were held are as follows: April 21, 2005, June 14, 2005, August 10, 2005 and March 17, 2006.
- (vi) The composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

| Name | Category | No. of Meetings held during tenure | No. of Meetings Attended |
|----------------------------|----------------------------|---|---------------------------------|
| Mr. Gopi K Arora, Chairman | Independent, Non-Executive | 4 | 2 |
| Mr. Ravi Parthasarathy* | Non-Executive | 4 | 4 |
| Mr. Hari Sankaran | Non-Executive | 4 | 3 |
| Mr. K. Ramchand* | Non-Executive | Not Applicable | Not Applicable |

* Mr. Ravi Parthasarathy resigned from the Board of Directors with effect from July 19, 2006. Mr. K. Ramchand has now been appointed on the HRD Committee of Directors and Mr. Ravi Parthasarathy as his alternate.

- (vii) The Chairman of the HRD Committee was present at the last Annual General Meeting of the Company held on September 28, 2005.

(5) Shareholders Committee – Termed Investor Grievance Committee

- (i) The Company constituted an Investor Grievance Committee of Directors on November 29, 2001 in accordance with the provisions of the Listing Agreement.
- (ii) The broad terms of reference of the Investor Grievance Committee are as under :
- The Committee looks into the status of redressal of Shareholders and Debentureholders complaints and suggests measures to improve investor relations.
 - The Committee is also the authority for issue of duplicate certificates and rematerialisation requests.
 - The Investor Grievance Committee of Directors is also the approving authority under the Code of Conduct for prevention of Insider Trading, formulated by the Company in accordance with the SEBI (Prevention of Insider Trading) Regulations, 1992.
 - The Committee is also authorised to accept any modifications/alterations in the said code and has recently amended the code in accordance with the Share Dealing Code of the London Stock Exchange and has added a threshold below which no pre-clearance is required for transacting in securities.

- (iii) In order to expedite the process of transfers, the Board has delegated the authority to approve debenture as well as share transfers and transmissions to any one of : Mr. Pradeep Puri, President & CEO, Ms. Monisha Macedo, Company Secretary and Mr. T K Banerjee, CFO. The transfer/transmission formalities are processed as and when they are received and transfers are never retained for more than a week.
- (iv) Ms Monisha Macedo, Sr. Vice President & Company Secretary, has been designated the Compliance Officer for the Stock Exchanges as well as for Investor queries/complaints and the Insider Trading Code.
- (v) Ten meetings of the Investor Grievance Committee were held in the financial year 2005-2006. The dates on which the said meetings were held are as follows: April 21, 2005, June 1, 2005, June 20, 2005, August 25, 2005, September 28, 2005, October 22, 2005, November 17, 2005, December 30, 2005, January 14, 2006, and March 27, 2006.
- (vi) The composition of the Investor Grievance Committee and the details of meetings attended by the members of the Investor Grievance Committee are given below:

| Name | Category | No. of Meetings held during tenure | No. of Meetings Attended |
|---|----------------------------|---|---------------------------------|
| Mr. R K Bhargava, Chairman | Independent, Non-Executive | 10 | 10 |
| Mr. Gopi Arora | Independent, Non-Executive | 10 | 9 |
| Mr. Timothy Woodhead* Alternate Director: Mr. Julian Thomas | Non-Executive | 7 | – 3 |
| Mr. Piyush Mankad** | Independent, Non-Executive | Not Applicable | Not Applicable |

*Resigned with effect from November 29, 2005.

** Appointed with effect from July 19, 2006.

- (vii) Investor Complaints received during the year :

During the year April 1, 2005 to March 31, 2006, the Company received 41 Investor complaints (non-receipt of interests and debenture certificates), of which all were resolved within a reasonable time period. There were no pending complaints at the end of the year.

(6) Disclosure of Remuneration to Directors/pecuniary transactions of Executive/Non-Executive Directors of the Company

- (i) There are no Executive Directors on the Board of the Company.
- (ii) Other than sitting fees, travel and lodging expenses for attending Board/Committee Meetings, the Company has not made any payment or reimbursed any expenses to its Non-Executive Directors, except as given below:
- (a) The Company currently has a car and driver, which is used for Board Meetings and other official work. This car has been given to Mr. R K Bhargava, Non-Executive, Director, from time to time, for attending meetings on behalf of the Company. Mr. Bhargava has, on a continuous basis provided professional support and advice to the Company and his inputs and representations on behalf of the Company, with various government authorities/ departments have been of tremendous help to the Company. As approved by the Board of Directors and thereafter by the Shareholders at the 7th Annual General Meeting of the Company held on September 16, 2003, the Company has applied to the Department of Company Affairs (DCA) seeking permission for providing Mr. Bhargava with a chauffeur driven car on a full time basis. The application is pending.

(b) The Company has issued Employee Stock Options to its Employees and Directors. Details of the Stock Options have been mentioned in the previous Annual Report. No stock options have been issued thereafter.

(iii) Details of Directors' current holdings of Equity Shares of the Company is as follows:

| S.No. | Name of Director | Current Holdings |
|--------------|-------------------------|-------------------------|
| 1. | Mr. Gopi Arora | 50,000 |
| 2. | Mr. Hari Sankaran | 150,000 |
| 3. | Mr. R. K. Bhargava | 40,000 |
| 4. | Mr. Ravi Parthasarathy | 35,000 |
| 5. | Mr. Arun Kumar Saha | 100,000 |
| 6. | Mr. Karunakan Ramchand | 100,000 |

(iv) Sitting Fees :

The sitting fees paid to the Directors for attending Board/Committee Meetings was revised from Rs. 2000/- to Rs. 5000/- with effect from June 20, 2005. In some cases, travel/lodging expenses to attend Board Meetings have also been reimbursed to the Directors. Details of sitting fees paid in the last financial year are given below :

| S.No. | Director/Institution | Sitting Fees paid for attending Board and Committee Meetings for the period April 1, 2005 to March 31, 2006 Rupees |
|--------------|--|---|
| 1. | Mr. G K Arora | 1,13,000 |
| 2. | Mr. R K Bhargava | 1,21,000 |
| 3. | Mr. Piyush Mankad | 22,000 |
| 4. | IDBI | 57,000 |
| 5. | Mr. Ravi Parthasarathy | 41,000 |
| 6. | Mr. Hari Sankaran | 32,000 |
| 7. | Mr. Arun K Saha | 35,000 |
| 8. | Mr. K Ramchand | 10,000 |
| 9. | Mr. Deepak Premnarayan | 15,000 |
| 10. | Mr. Awnish Awasthi | 5,000 |
| 11. | Mr. Manoj Borkar | 2,000 |
| 12. | Mr. Julian Thomas (Alternate to Mr. Timothy Woodhead) | 25,000 |

(7) **General Body Meetings**

(i) Annual General Meetings: Date, Time and Venue

| Year | Location | Date and Time |
|---|--|--------------------------------|
| AGM held for the financial year 2004-05 | Power Management Institute (N.T.P.C.), Plot 5-14, Sector 16A, Noida 201 301, Uttar Pradesh | September 28, 2005 at 10:30 am |
| AGM held for the financial year 2003-04 | Power Management Institute (N.T.P.C.), Plot 5-14, Sector 16A, Noida 201 301, Uttar Pradesh | September 15, 2004 at 10:30 am |
| AGM held for the financial year 2002-03 | Marwah Films & Video Studio, FC-14/15, Film City, Sector 16A, Noida 201 301, Uttar Pradesh | September 16, 2003 at 10.30 am |

At the 9th Annual General Meeting of the Company, two special resolutions were passed, one special resolution pertained to delisting of Equity Shares from the Uttar Pradesh Stock Exchange, the second special resolution was passed for the re-appointment of Ms. Monisha Macedo, Senior Vice President & Company Secretary, as Manager of the Company for a period of 3 years w.e.f. June 1, 2005.

At the 8th Annual General Meeting of the Company, a special resolution was passed for amending the Articles of Association of the Company, pursuant to the signing of Amendment Agreement No. 2 to the Shareholders Agreement dated May 5, 2000.

No resolutions have been passed by postal ballot in the last financial year and currently no resolution is proposed to be passed by postal ballot.

(ii) Extraordinary General Meetings for the last three years: Date, Time and Venue

| Date and Time | Location |
|------------------------------|--|
| January 24, 2006 at 10.30 am | Radisson MBD Hotel Noida, L-2 Sector-18, Noida 201 301, Uttar Pradesh |
| March 25, 2004 at 10:00 am | Power Management Institute (N.T.P.C.), Plot 5-14, Sector 16A, Noida 201 301, Uttar Pradesh |

At the Extraordinary General Meeting of the Company held on January 24, 2006, the following four special resolutions were passed:

- (i) Approval of the Global Depository Receipts (GDRs) issue;
- (ii) Investment of Foreign Institutional Investors ("FIIs") in the Equity Share Capital of the Company in excess of the limit;
- (iii) Approval of the Employee Stock Option Plan 2005;
- (iv) Amendment to the Memorandum of Association of the Company for increase in the Authorised Share Capital of the Company.

At the Extraordinary General Meeting of the Company held on March 25, 2004, following two special resolutions were passed:

- (i) Approval of the Employee Stock Option Plan 2004;
- (ii) Amendment to the Articles of Association of the Company with respect to power of Directors to appoint Additional Directors.

(iii) Other General Meetings of the Company held in the last three years - Date, Time and Venue :

| Details of Meeting | Date and Time | Location |
|---|-----------------------------------|--|
| High Court convened Meeting of the Secured Creditors of the Company under Section 391- 394 of the Companies Act, 1956 | September 18, 2004 at 11:00 am | Power Management Institute (N.T.P.C.), Plot 5-14, Sector 16A, Noida 201 301, Uttar Pradesh |
| Meeting of the holders of Deep Discount Bonds | March 31, 2004 at 10:30 am | Power Management Institute (N.T.P.C.), Plot 5-14, Sector 16A, Noida 201 301, Uttar Pradesh |

At the meeting of the Secured Creditors one special resolution was passed for approving the Scheme of Arrangement between Noida Toll Bridge Company Limited and its Secured Creditors.

At the meeting of the holders of Deep Discount Bonds a special resolution was passed for setting up a subsidiary of the Noida Toll Bridge Company Limited, to carry on land development and other activities and transfer of surplus land with development rights to it.

(8) Disclosures

(i) Related party transactions

There were no materially significant related party transactions with the Promoters, Directors, the management, subsidiaries or relatives that could have a potential conflict with the interest of the Company at large. Details of all related party transactions are disclosed in the Notes to Accounts.

(ii) Risk Management

The Company has a well defined risk management framework in place. The Company has established procedures to periodically place before the Board the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

(iii) Non Compliances

The Company has complied with all the statutory requirements and hence has not paid any penalties nor have any strictures been imposed by the Stock Exchanges or SEBI or any other statutory authority, for non-compliance on any matter related to the capital markets, since the Company was incorporated.

(iv) Compliance with mandatory and non-mandatory list of items in the Listing Agreement

The Company ensures that it complies with the list of mandatory items mentioned in the corporate governance clause of the Listing Agreement. Further, the Company has adopted the following non-mandatory requirements of the Clause:

(a) Maintenance of Chairman's Office

The Company has provided it's non-executive Chairman with a full-fledged office, the expenses of which are borne by the Company. The Chairman is reimbursed all expenses incurred in the performance of his duties.

(b) Remuneration Committee termed as HRD Committee of Directors

For more details on the HRD Committee of Directors, please refer to para 4 of this report.

(c) Audit Qualifications

The Statutory Auditors Report on the financial statements of the Company for the financial year 2005-2006 are unqualified.

(9) Subsidiary Company

The Company has a wholly owned subsidiary - DND Flyway Limited (DND). The same is, however, not a material non-listed Indian subsidiary, as defined under Clause 49 of the Listing Agreement.

The minutes of DND were periodically placed before the Board of the Company. There is one common Independent Director on the Board of both the companies. The consolidated financial statements of DND and the Company were reviewed by the Audit Committee of Noida Toll Bridge Company Limited.

(10) Code of Business Conduct and Ethics

The Company has framed a Code of Business Conduct and Ethics (Code of Conduct) in line with the SEBI requirement. This Code of Conduct has been posted on the Company's website.

All board members and senior managerial personnel have affirmed compliance with the said code. A declaration to this effect from the President & CEO of the Company is attached to the Report.

(11) Code of Conduct for dealing in securities of the Company

The SEBI (Prevention of Insider Trading) Regulations, 1992, had made it mandatory for all listed companies to frame a Code of Conduct and Internal Procedures, based on the model Code of Conduct for Prevention of Insider Trading issued by SEBI, which prohibits a person having access to Price Sensitive Information about a Company, to deal in securities of that Company, either himself or through others. Accordingly, the Company had put in place a code of conduct, applicable to all its employees and directors for dealing in the securities of the Company, with effect from November 15, 2003.

In terms of the Code, the directors and employees have to inter alia, disclose to the Compliance Officer, once a year, a declaration of their dependants and the number of securities of the Company held by them or their Declared Dependants. Any change, however, is to be declared promptly.

In addition to the above none of the parties to whom the Code is applicable are allowed to deal in the securities of the Company during the Non-Trading period, as defined in the code i.e. prior to the price sensitive information being made public.

The Compliance Officer has for the Financial Year 2005-06 received the required disclosures from all the Directors and Employees.

(12) Means of Communication

The main channel of communication to the shareholders is through the Annual Report, which includes inter alias, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report and the audited financial results.

Shareholders are also intimated through the press and the Company's website www.ntbcl.com of the quarterly performance/financial results of the Company. The unaudited quarterly results/ audited annual results are also published in 1 English (Delhi, Mumbai Edition) and 1 Hindi daily, usually Jansatta (Hindi) and Financial Express (English). The shareholding pattern of the Company is available on the Company's website and the same is updated quarterly.

In terms of Clause 51 of the Listing Agreements, the Company files its Annual Report, quarterly results and shareholding pattern statement through the Electronic Data Information Filing and Retrieval system (EDIFAR) website of SEBI.

Further, in terms of the Listing Agreement, information on investor related issues (Record Dates/ Book Closures/Board Meetings/price sensitive information) and announcements/press releases are communicated to the Stock Exchanges.

(13) General Shareholder Information

| | | | |
|-----|--|---|--|
| (a) | Registered Office | : | Toll Plaza, DND Flyway, Noida 201 301, Uttar Pradesh |
| (b) | Location of Facility | : | DND Flyway, Noida 201 301, Uttar Pradesh |
| (c) | Correspondence Address | : | C/o IL&FS, India Habitat Centre, East Court, Zone VI, 4th Floor, Lodhi Road, New Delhi 110 003 or Registered Office address |
| (d) | Date of Book Closure of Deep Discount Bondholder's and Equity Shares | : | Book Closure Dates (Ensuing) September 20, 2006 to September 27, 2006 |
| (e) | Date, Time and Venue of the Annual General Meeting | : | AGM 10: September 27, 2006 at 10:30 am at the Power Management Institute (N.T.P.C.) Adjacent to Apeejay School, Plot No. 5-14, Sector 16A, Noida 201 301, Uttar Pradesh |
| (f) | Financial Year | : | April 01, 2005 to March 31, 2006 |
| (g) | Dividend Payment Date | : | No Dividend has been declared so far |
| (h) | Listing on Stock Exchanges and Stock Code | : | The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051 Tel : 022 - 2659 8100 Fax : 022 - 2659 8237 / 38 Stock Code: Equity EQ DDBs N1 (prior to restructuring) N2 (post restructuring) |
| | | : | The Bombay Stock Exchange Limited 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001 Tel : 022 - 2272 1233 / 2272 1234 Fax : 022 - 2272 1552 Stock Code: Equity 532481 DDBs 112453 (prior to restructuring) 912453 (post restructuring) |
| | | : | The Uttar Pradesh Stock Exchange Assn. Ltd. Padam Towers, 14/113 Civil Lines, Kanpur-208001 Tel : 0512 - 2338115 / 2338074 Fax : 0512 - 2338175 / 2338220 Equity Shares of the Company have been de-listed from the Uttar Pradesh Stock Exchange with effect from 20.10.2005 and now only the Deep Discount Bonds are listed with the Uttar Pradesh Stock Exchange. |

| | | | |
|-----|---|---|---|
| | | : | <p>London Stock Exchange plc 10 Paternoster Square London EC4M 7LS Stock Code : NTBC</p> <p>With effect from March 21, 2006, the GDRs of the Company are listed on the Alternative Investment Market of London Stock Exchange plc</p> |
| (i) | Depository ISIN Nos. | : | <p>Equity Shares - INE781B01015 Deep Discount Bonds - INE781B11014 (prior to restructuring) Deep Discount Bonds - INE781B11022 (post restructuring) Pursuant to the Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Allahabad, the Deep Discount Bonds have been restructured. Accordingly, a new ISIN has been allotted for the restructured bonds w.e.f. February 21, 2006.</p> |
| (j) | Listing Fees | : | <p>Paid for all the above Stock Exchanges for 2004-2005, 2005-2006 and 2006-2007.</p> |
| (k) | Investor Correspondence Address | : | <p>Investors can write to Ms. Monisha Macedo, Senior Vice President & Company Secretary, at the following address :</p> <p>Noida Toll Bridge Company Limited, Toll Plaza, DND Flyway, Noida 201 301 Uttar Pradesh Phone : 0120-2516438 Fax : 0120-2516440 E-mail : ntbcl@ntbcl.com Website : www.ntbcl.com or to the Registrars at the address given below, mentioning Unit: Noida Toll Bridge Company Limited.</p> |
| (l) | Address of the Company's Depository as well as Physical Registrar & Transfer Agents | : | <p>Karvy Computershare Pvt. Limited, "Karvy House", 46, Avenue 4, Street #1, Banjara Hills, Hyderabad 500 034 Tel : 040-23420815 - 23420820 Fax : 040-23420814</p> |
| (m) | Auditors of the Company | : | <p>Luthra & Luthra, Chartered Accountants A-16/9, Vasant Vihar, New Delhi 110 057</p> |
| (n) | Bankers of the Company | : | <p>Canara Bank Head Office Address: Canara Bank Building 2nd and 3rd Floor Adi Marzban Path Ballard Estate Mumbai 400 038</p> |

| | | |
|-----|-----------------------------------|--|
| | | Branch Office Address: Canara Bank C 3, Sector 1 Noida 201 301 Uttar Pradesh |
| (o) | Share/Debenture Transfer System : | Physical transfers of the listed instruments are handled by the Registrar and Transfer Agents - Karvy Computershare Pvt. Ltd. and processed within the stipulated time. To expedite share transfers in the physical segment, the authority for approving transfers/transmissions of the Company's securities has been delegated to specific senior management personnel of the Company. |

(p) Dematerialisation of securities and liquidity

The Equity Shares and Deep Discount Bonds of the Company are in the list of scrips specified by SEBI to be compulsorily traded in the dematerialised form. The Company's Deep Discount Bonds as well as the Equity Shares are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN allotted to the Company's Equity Shares is INE781B01015 and to the Deep Discount Bonds is INE781B11022.

Shares/Debentures dematerialised upto March 31, 2006

| Type of Security | No. of Shares/ DDBs | % of Shares/ DDBs | No. of Shareholders/ DDB holders | % of Shareholders/ DDB holders |
|------------------|---------------------|-------------------|----------------------------------|--------------------------------|
| Shares | 10,18,67,982 | 56.46% | 19,810 | 89.55% |
| DDBs | 10,122 | 93.59% | 16 | 11.27% |

(q) The Distribution Schedule of Shareholders as on March 31, 2006:

| Category | No. of Holders | % of Holders | Shares | % of Shares |
|----------------|----------------|---------------|------------------|---------------|
| From - To | | | | |
| 1 - 5000 | 21618 | 97.72 | 11648964 | 6.46 |
| 5001 - 10000 | 261 | 1.17 | 2037967 | 1.13 |
| 10001 - 20000 | 126 | 0.57 | 1929195 | 1.07 |
| 20001 - 30000 | 41 | 0.18 | 1000210 | 0.55 |
| 30001 - 40000 | 17 | 0.08 | 594825 | 0.33 |
| 40001 - 50000 | 8 | 0.04 | 369079 | 0.20 |
| 50001 - 100000 | 24 | 0.11 | 1797536 | 1.00 |
| 100001 - Above | 28 | 0.13 | 161035411 | 89.26 |
| Totals | 22123 | 100.00 | 180413187 | 100.00 |

(r) Shareholding Pattern of the Company as on June 30, 2006 is as follows:

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---------------|--|------------------------|------------------------|--|--|----------------------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | |
| (I) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 2 | 47100007 | 47100002 | 36.32 | 25.30 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A)(1) | 2 | 47100007 | 47100002 | 36.32 | 25.30 |
| (II) | Foreign | | | | | |
| (a) | Individuals (Non-Resident individuals/ Foreign Individuals) | 0.000 | 0.000 | 0.000 | 0.00 | 0.00 |
| (b) | Bodies Corporate | 0.000 | 0.000 | 0.000 | 0.00 | 0.00 |
| (c) | Institutions | 0.000 | 0.000 | 0.000 | 0.00 | 0.00 |
| (d) | Any Other (specify) | 0.000 | 0.000 | 0.000 | 0.00 | 0.00 |
| | Sub-Total (A)(2) | 0.000 | 0.000 | 0.000 | 0.00 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 2 | 47100007 | 47100002 | 36.32 | 25.30 |
| (B) | Public shareholding | | | | | |
| (I) | Institutions | | | | | |
| (a) | Mutual Funds/UTI | 3 | 689106 | 689106 | 0.53 | 0.37 |
| (b) | Financial Institutions/ Banks | 4 | 3619083 | 3619083 | 2.79 | 1.94 |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 1 | 7100 | 7100 | 0.01 | 0.00 |
| (e) | Insurance Companies | 4 | 13536336 | 13536336 | 10.44 | 7.27 |
| (f) | Foreign Institutional Investors/Foreign Bodies-DR | 13 | 28180279 | 26703219 | 21.73 | 15.13 |

| | | | | | | |
|-------------|--|--------------|------------------|------------------|---------------|---------------|
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any other | | | | | |
| | i) New Okhla Industrial Development Authorities | 1 | 10000000 | 0 | 7.71 | 5.37 |
| | ii) Intertoll India Consultants Pvt Ltd | 1 | 3042940 | 3042940 | 2.35 | 1.63 |
| | Sub-Total (B)(1) | 27 | 59074844 | 47597784 | 45.56 | 31.73 |
| (II) | Non-institutions | | | | | |
| (a) | Bodies Corporate | 1043 | 4667854 | 4647354 | 3.60 | 2.51 |
| (b) | Individuals | | | | | |
| | I. Individual shareholders holding nominal share capital up to Rs. 1 lakh. | 30180 | 13998454 | 13022700 | 10.80 | 7.52 |
| | II. Individual shareholders holding nominal share capital in excess of Rs.1 lakh. | 93 | 4451277 | 4451277 | 3.43 | 2.39 |
| (c) | Any Other-Trust/ Clearing Members/ NRI | 294 | 380281 | 373281 | 0.29 | 0.20 |
| | Sub-Total (B)(2) | 31610 | 23497866 | 22494612 | 18.12 | 12.62 |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 31637 | 82572710 | 70092396 | 63.68 | 44.35 |
| | TOTAL (A)+(B) | 31639 | 129672717 | 117192398 | 100.00 | 69.64 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued-GDR | 1 | 56522285 | 56522285 | | 30.36 |
| | GRAND TOTAL (A)+(B)+(C) | | 186195002 | 173714683 | | 100.00 |

(s) Stock Market Data

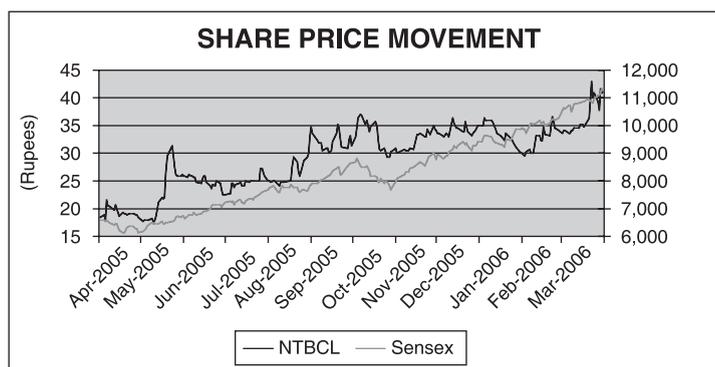
The Stock Market Data of the Company for the Financial Year 2005-2006 is given below:

NTBCL share price on BSE & BSE Sensex

| Month | BSE | | | BSE Sensex | |
|----------------|-----------|----------|---------------|------------|----------|
| | High (Rs) | Low (Rs) | No. of Shares | High | Low |
| April 2005 | 23.00 | 18.00 | 2115683 | 6649.42 | 6118.42 |
| May 2005 | 32.30 | 17.55 | 10680618 | 6772.74 | 6140.97 |
| June 2005 | 27.65 | 22.30 | 3008255 | 7228.21 | 6647.36 |
| July 2005 | 28.40 | 22.10 | 7665694 | 7708.59 | 7123.11 |
| August 2005 | 33.05 | 23.60 | 14125465 | 7921.39 | 7537.50 |
| September 2005 | 36.60 | 29.65 | 15482489 | 8722.17 | 7818.90 |
| October 2005 | 38.50 | 28.00 | 24981248 | 8821.84 | 7656.15 |
| November 2005 | 36.30 | 29.70 | 8537322 | 9033.99 | 7891.23 |
| December 2005 | 37.80 | 32.85 | 15277611 | 9442.98 | 8769.56 |
| January 2006 | 37.40 | 29.60 | 5955595 | 9945.19 | 9158.44 |
| February 2006 | 37.65 | 28.75 | 8610063 | 10422.65 | 9713.51 |
| March 2006 | 45.40 | 33.30 | 16943486 | 11356.95 | 10344.26 |

(t) Stock Performance

The performance of the Company's share relative to the BSE Sensitive Index is given in the Chart Below:



(u) Outstanding ADR/GDR

During the year the Company has issued 12,499,999 GDRs each representing 5 ordinary shares of Rs.10 each. Outstanding GDRs as on June 30, 2006, have been provided in the Shareholding pattern as given under para (r) of this report.

(v) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(14) Accounting Standards

The Company confirms that it has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) from time to time.

Date : July 19, 2006.

DECLARATION

TO THE MEMBERS OF NOIDA TOLL BRIDGE COMPANY LIMITED

This is to confirm that Noida Toll Bridge Company Limited has laid down a Code of Business Conduct and Ethics for all its Board Members and Senior Management Personnel as per the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.

This Code has been posted on the website of the Company and all Board Members and Senior Management Personnel of the Company have affirmed compliance with this Code.

Noida
July 10, 2006

Sd/-
PRADEEP PURI
President & CEO

CERTIFICATE

TO THE MEMBERS OF NOIDA TOLL BRIDGE COMPANY LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Noida Toll Bridge Company Limited (the Company), for the year ended 31 March, 2006, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Luthra & Luthra**
Chartered Accountants

New Delhi
July 19, 2006

VISHAL GUPTA
Partner

CERTIFICATE

**TO THE MEMBERS OF
NOIDA TOLL BRIDGE COMPANY LIMITED**

On the basis of information and explanation given and documents produced before us, we hereby certify that Noida Toll Bridge Company Limited upto the 19th July 2006 from the date of approval of the scheme by the shareholders of the company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Special Resolution was passed at the Extraordinary General Meeting of the Company held on March 25, 2004, with respect of their Employee Stock Option Plan 2004.

For **Luthra & Luthra**
Chartered Accountants

New Delhi
July 19, 2006

VISHAL GUPTA
Partner

CERTIFICATE

**TO THE MEMBERS OF
NOIDA TOLL BRIDGE COMPANY LIMITED**

On the basis of information and explanation given and documents produced before us, we hereby certify that Noida Toll Bridge Company Limited upto the 19th July 2006 from the date of approval of the scheme by the shareholders of the company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Special Resolution was passed at the Extraordinary General Meeting of the Company held on January 24, 2006, with respect of their Employee Stock Option Plan 2005.

For **Luthra & Luthra**
Chartered Accountants

New Delhi
July 19, 2006

VISHAL GUPTA
Partner

AUDITORS' REPORT

**TO THE MEMBERS OF
NOIDA TOLL BRIDGE COMPANY LIMITED
Noida (U.P.)**

1. We have audited the attached Balance Sheet of **Noida Toll Bridge Company Limited** as at 31 March, 2006, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' Auditors Report Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
4. We draw the attention of the shareholders to note number 3 (a) (ii) of schedule 16 'Notes to Accounts' regarding revaluation of leased land, wherein the formal agreement for grant of development rights, is pending execution.
5. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March, 2006, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) in our opinion and according to the information and explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2006;
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **LUTHRA & LUTHRA**
Chartered Accountants

AMIT LUTHRA
Partner
(Membership No. 85847)

Place : Noida, U.P.
Date : May 01, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and discrepancies (if any) noticed on verification during the year have been properly adjusted in the books of accounts.
3. The company has not disposed off substantial part of fixed assets during the year.
4. As per the information and explanations given to us, inventories have been physically verified at reasonable interval during the year by the Management.
5. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6. On the basis of our examination, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records are not material and have been properly dealt with in the books of accounts.
7. The Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
8. In our opinion the rate of interest and other terms and conditions of loans taken / granted by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company.
9. In respect of loans and advances, the payment of principal amount and interest has been made as per the revised repayment schedule approved by the CDR.
10. In our opinion and according to the information and explanations 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 inventory and fixed assets and for toll collection. We have not observed any failure on the part of the company to correct major weakness in internal control system.
11. There are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
12. According to the information and explanations given to us the company has not accepted deposits from the public.
13. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
14. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2006 for a period of more than six months from the date they became payable.

15. The company has been in existence for a period of more than 5 years. Its accumulated losses at the end of the financial year are less than 50% of its net worth and it has not incurred cash losses in the financial year.
16. As per the information and explanations given to us, the company has not defaulted in the repayment of dues to any financial institution or bank or debenture holders in accordance with the terms and conditions of the CDR approval for debt restructuring.
17. The company has maintained adequate documents and records in cases where the company have been granted secured loans and advances to the employees.
18. The company is dealing in securities (units of mutual funds), proper records of transactions and contracts have been maintained and timely entries have been made therein. Shares, securities, debentures and other securities have been held by the company in its own name except to the extent of the exemption granted under section 49 of the Act.
19. The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
20. Term loans taken by the company were applied for the purpose for which they were obtained.
21. Fund raised on short-term basis has not been used for long-term investment.
22. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies' Act 1956.
23. The company has created securities in respect of debentures issued.
24. The company has not raised money by public issue during the year.
25. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
26. Other clauses of the order are not applicable to the Company.

For **LUTHRA & LUTHRA**
Chartered Accountants

AMIT LUTHRA
Partner
(Membership No. 85847)

Place : Noida, U.P.
Date : May 01, 2006

NOIDA TOLL BRIDGE COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2006

| | Schedule | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|---|----------|-----------------------------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 1 | 1,804,131,870 | | 1,224,000,070 |
| Reserve & Surplus | 2 | <u>1,627,820,150</u> | | <u>315,093,680</u> |
| | | | 3,431,952,020 | 1,539,093,750 |
| LOAN FUNDS | | | | |
| Secured Loans | 3 | | <u>3,235,185,538</u> | <u>3,585,152,780</u> |
| | | | <u>6,667,137,558</u> | <u>5,124,246,530</u> |
| APPLICATION OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Gross Block | 4 | 4,154,462,554 | | 4,145,897,592 |
| Less: Depreciation | | <u>138,494,274</u> | | <u>135,649,442</u> |
| Net Block | | | 4,015,968,280 | 4,010,248,150 |
| CAPITAL WORK IN PROGRESS | | | | |
| | | | 14,860,530 | 8,172,237 |
| INVESTMENTS | | | | |
| | 5 | | 1,232,000,000 | 37,260,129 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Inventories | 6 | 276,390 | | 758,527 |
| Sundry Debtors | 7 | 1,042,765,357 | | 1,041,115,391 |
| Cash and Bank balances | 8 | 302,323,495 | | 1,318,469 |
| Loans & Advances | 9 | <u>16,594,791</u> | | <u>12,128,797</u> |
| | | 1,361,960,033 | | 1,055,321,184 |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | |
| | 10 | <u>182,109,507</u> | | <u>137,396,047</u> |
| NET CURRENT ASSETS | | | | |
| | | | 1,179,850,526 | 917,925,137 |
| MISCELLANEOUS EXPENDITURE | | | | |
| (To the extent not written off or adjusted) | 11 | | 111,882,045 | 12,967,694 |
| PROFIT & LOSS ACCOUNT (Debit balance) | | | | |
| | | | 112,576,177 | 137,673,183 |
| | | | <u>6,667,137,558</u> | <u>5,124,246,530</u> |
| For Notes forming part of the Accounts, refer to Schedule | 16 | | | |

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Amit Luthra
Partner

Director

Director

Pradeep Puri
President & CEO

Noida, U.P.
May 01, 2006

T. K. Banerjee
CFO
Noida, U.P.
May 01, 2006

Monisha Macedo
Manager and
Company Secretary

NOIDA TOLL BRIDGE COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006

| | <u>Schedule</u> | <u>For the Year ended March 31, 2006 Rupees</u> | <u>For the Year ended March 31, 2005 Rupees</u> |
|--|-----------------|---|---|
| INCOME | | | |
| Income From Operations | 12 | 390,033,133 | 305,900,873 |
| Other Income | 13 | 16,710,688 | 11,461,831 |
| | | <u>406,743,821</u> | <u>317,362,704</u> |
| EXPENDITURE | | | |
| Operating and Administration Expenses | 14 | 118,598,831 | 91,241,546 |
| Finance Charges | 15 | 232,545,012 | 373,595,363 |
| Depreciation | | 3,342,017 | 2,338,079 |
| Miscellaneous Expenditure Written Off | | 25,399,032 | 15,170,543 |
| | | <u>379,884,892</u> | <u>482,345,531</u> |
| PROFIT / (LOSS) FOR THE YEAR | | 26,858,929 | (164,982,827) |
| Provision for Taxation/FBT | | (778,741) | - |
| PROFIT / (LOSS) AFTER TAX FOR THE YEAR | | 26,080,188 | (164,982,827) |
| Transfer to Debenture Redemption Reserve | | (983,182) | - |
| Balance Brought Forward from the Previous Year | | (1,167,623,510) | (1,002,640,683) |
| Accumulated Losses | | (1,142,526,504) | (1,167,623,510) |
| Balance of General Reserve | | 1,029,950,327 | 1,029,950,327 |
| Loss Carried to Balance Sheet | | <u>(112,576,177)</u> | <u>(137,673,183)</u> |
| Basic Loss per Equity Share (in Rs.) | | 0.21 | (1.35) |
| Diluted Loss per Equity Share (in Rs.) | | 0.21 | (1.35) |

For Notes forming part of the Accounts, refer to Schedule **16**

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Amit Luthra
Partner

Director

Director

Pradeep Puri
President & CEO

Noida, U.P.
May 01, 2006

T. K. Banerjee
CFO
Noida, U.P.
May 01, 2006

Monisha Macedo
Manager and
Company Secretary

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | <u>As At</u> <u>March 31, 2006</u> <u>Rupees</u> | <u>As At</u> <u>March 31, 2006</u> <u>Rupees</u> | <u>As At</u> <u>March 31, 2005</u> <u>Rupees</u> |
|---|--|--|--|
| <u>SCHEDULE 1</u> | | | |
| SHARE CAPITAL | | | |
| Authorised | | | |
| 200,000,000 (Previous Year 150,000,000) Equity Shares of Rs.10 each | | 2,000,000,000 | 1,500,000,000 |
| Issued, Subscribed and Paid up | | | |
| 180,413,187 (Previous Year 122,400,007) Equity Shares of Rs.10 each Fully Paid up | | 1,804,131,870 | 1,224,000,070 |
| <u>SCHEDULE 2</u> | | | |
| <u>RESERVES & SURPLUS</u> | | | |
| Revaluation Reserve | | | |
| Opening Balance | 315,093,680 | | 315,093,680 |
| Created during the year | | 315,093,680 | 315,093,680 |
| Debenture Redemption Reserve | | | |
| Created during the year | 983,182 | | - |
| | | 983,182 | - |
| Securities Premium | | | |
| Opening Balance | | | - |
| Received during the year | 1,428,918,136 | | - |
| Less : Share Issue Expenses | 117,174,848 | | - |
| | | 1,311,743,288 | - |
| General Reserve | | | |
| Opening Balance | 1,029,950,327 | | 1,029,950,327 |
| Less : Debit Balance in Profit and Loss Account | 1,029,950,327 | | 1,029,950,327 |
| | | - | - |
| | | 1,627,820,150 | 315,093,680 |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|--|
| SCHEDULE 3 | | | |
| LOAN FUNDS | | | |
| Secured Loans | | | |
| a. Debentures and Bonds | | | |
| 10,815 (Previous Year 100,000) Deep Discount Bonds of face value of Rs. 20,715 (Previous Year Rs. 45,000) each (See Note 3(g) (i) and 3(l) of Schedule 16) | 224,032,725 | | 4,500,000,000 |
| Less: Unexpired Discount | <u>121,552,328</u> | | <u>3,448,158,223</u> |
| | | 102,480,397 | 1,051,841,777 |
| 5,138,500 Series A Zero Coupon Bond of Rs. 100 each. (See Note 3(e) and 3(g) (ii) of Schedule 16) | 256,925,000 | | 513,850,000 |
| Less: Repayment during the year | <u>256,925,000</u> | | <u>256,925,000</u> |
| | | - | 256,925,000 |
| Accumulated Liability of ZCB (Series B) (See Note 3(e) and 3(g) (iii) of Schedule 16) | | | |
| Opening balance | 53,446,234 | | 23,830,334 |
| Add: Accumulation during the year | <u>32,664,127</u> | | <u>29,615,900</u> |
| | | 86,110,361 | 53,446,234 |
| b. Term Loans (See Note 3(e), 3(g) (iv), (v), (vi) and (vii) of Schedule 16) | | | |
| Banks | 1,039,360,189 | | 1,283,915,528 |
| Financial Institutions | 780,442,789 | | 213,850,000 |
| Others | <u>1,152,041,907</u> | | <u>650,000,000</u> |
| | | 2,971,844,885 | 2,147,765,528 |
| c. Funded Interest | | | |
| | | 74,476,922 | 74,398,840 |
| d. Lease Finance (See Note 3(r) of Schedule 16) | | | |
| | | <u>272,973</u> | <u>775,401</u> |
| | | 3,235,185,538 | 3,585,152,780 |

NOTES:

- Deep Discount Bonds issued at Rs. 5000 each would be redeemed at Rs. 20,715 at the end of the 16th year from the date of allotment i.e November 3, 1999 as per Scheme of restructuring of DDBs approved by Honourable Allahabad High Court.
- Series A Zero Coupon Bonds of Rs. 100 each issued to Financial Institutions and Others against conversion of 50% of Term Loan as per terms of Restructuring approved by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions have been repaid in full during the year.
- Series B Zero Coupon Bonds of Rs. 100 each issued to Banks, Financial Institutions and Others would be redeemed not later than March 31, 2014.

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 4

FIXED ASSETS

(See note 2(b) and 3(p) of Schedule 16)

| PARTICULARS | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|--|------------------------|--------------------|---------------------------|------------------------|------------------------|----------------------|---------------------------|------------------------|----------------------|----------------------|--|
| | As At 1.04.2005 | Additions | Deletions / Adjustment | As At 31.03.2006 | As At 1.04.2005 | For the Year | Deletions / Adjustment | As At 31.03.2006 | As At 31.03.2006 | As At 31.03.2005 | |
| Delhi Noida Link Bridge (Refer note(A) below and 2(b) and (c) of Schedule 16) | 4,126,700,301 | 7,935,233 | 438,857 | 4,134,196,677 | 130,270,511 | | | 130,270,511 | 4,003,926,166 | 3,996,429,790 | |
| Leasehold Building | 7,320,106 | | | 7,320,106 | 209,495 | 26,637 | | 236,132 | 7,083,974 | 7,110,611 | |
| Plant & Machinery - Data Processing Equipment - Office Equipment | 1,869,729 3,178,540 | 178,662 379,092 | 53,236 312,146 | 1,995,155 3,245,486 | 1,357,784 1,027,687 | 475,627 1,348,868 | 53,236 277,691 | 1,780,175 2,098,864 | 214,980 1,146,622 | 511,945 2,150,853 | |
| Vehicles (Refer Note (B) below) | 5,180,818 | 804,710 | 158,611 | 5,826,917 | 2,129,248 | 1,314,446 | 143,082 | 3,300,612 | 2,526,305 | 3,051,570 | |
| Furniture & Fixtures | 1,648,098 | 257,153 | 27,038 | 1,878,213 | 654,717 | 176,439 | 23,176 | 807,980 | 1,070,233 | 993,381 | |
| | 4,145,897,592 | 9,554,850 | 989,888 | 4,154,462,554 | 135,649,442 | 3,342,017 | 497,185 | 138,494,274 | 4,015,968,280 | 4,010,248,150 | |
| Previous Year | 4,114,519,221 | 31,767,083 | 388,712 | 4,145,897,592 | 133,461,949 | 2,338,079 | 150,586 | 135,649,442 | 4,010,248,150 | 3,981,057,272 | |

Notes :

(A) Gross block of Delhi Noida Link Bridge includes residual value of revalued Land on Noida side for Rs. 315,093,680. The revaluation was carried out in the year 2003-04.

(B) Vehicles include Rs. 1,646,334 (previous year Rs. 1,646,334) for assets acquired under Finance Lease.

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|
| SCHEDULE 5 | | |
| INVESTMENTS (At Cost) | | |
| A. Current and Quoted, other than Trade Investments | | |
| Templeton India Treasury Management Account Growth Plan NIL (Previous Year 11,506.15) units of face value of Rs. 1000 each | - | 19,038,616 |
| HSBC Mutual Fund OCFG Cash Fund Growth - NIL (Previous Year 581,962.97) units of face value Of Rs. 10 each | - | 6,504,309 |
| HDFC Cash Management Fund Savings Plan Growth - NIL (Previous Year 814,469.74) units of face value of Rs.10 each | - | 11,217,204 |
| Chola liquid Inst. Plus-Cumulative - 31,663,605.851 (Previous Year NIL) units of face value of Rs. 10 each | 450,000,000 | - |
| LIC Mutual Fund LICMF Liquid Fund - Growth Plan - 5,271,003.665 (Previous Year NIL) units of face value of Rs. 10 each | 66,500,000 | - |
| Can Bank Mutual Fund NLFIG Can Liquid Fund-Institutional-Growth- 5,494,462.3669 (Previous Year NIL) units of face value of Rs. 10 each | 70,000,000 | - |
| Principal Cash Management Fund - Liquid Option Instl. Prem.Plan-Growth- 32,638,523.172 (Previous Year NIL) units of face value of Rs. 10 each | 355,000,000 | - |
| Birla Sun Life Mutual Fund-B503G Birla cash Plus-Instl.Prem.-Growth- 26,139,313.528 (Previous Year NIL) units of face value of Rs. 10 each | 290,000,000 | - |
| Note: 1. The Net Asset Value of quoted investments as at the period ended Rs. 1,233,254,402 (Previous Year Rs. 36,815,208) | | |
| B. Long Term and Unquoted, other than Trade Investments | | |
| Investments in Equity Shares of Subsidiary Company DND Flyway Limited- 50,000 Equity Shares of face value of Rs. 10 each | 500,000 | 500,000 |
| | 1,232,000,000 | 37,260,129 |
| SCHEDULE 6 | | |
| INVENTORIES (At Cost) | | |
| Electronic Cards and 'On Board Units' | 276,390 | 758,527 |
| SCHEDULE 7 | | |
| SUNDRY DEBTORS (Unsecured, Considered Good) | | |
| Debts Outstanding for more than six months | 1,036,246,931 | 1,034,908,097 |
| Debts Outstanding for less than six months | 6,518,426 | 6,207,294 |
| | 1,042,765,357 | 1,041,115,391 |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|
| <u>SCHEDULE 8</u> | | |
| CASH AND BANK BALANCES | | |
| Cash in Hand | 142,108 | 49,108 |
| Balances with Scheduled Banks | | |
| - In Current Accounts | 2,181,387 | 1,269,361 |
| - Fixed Deposits | 300,000,000 | |
| | 302,323,495 | 1,318,469 |
| <u>SCHEDULE 9</u> | | |
| LOANS AND ADVANCES (Unsecured, Considered good) | | |
| a. Advances / Income Recoverable in Cash or in Kind or for Value to be Received | 12,545,851 | 8,822,341 |
| b. Advance Payment against Taxes | 2,451,735 | 1,884,123 |
| c. Deposits | 1,597,205 | 1,422,333 |
| | 16,594,791 | 12,128,797 |
| Amounts due from Directors | NIL | NIL |
| Maximum amount due from Directors during the year | NIL | NIL |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|--|
| SCHEDULE 10 | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| a. Current Liabilities | | | |
| Sundry Creditors | 149,159,378 | | 123,993,651 |
| Advance Payments and Unexpired Discounts | 11,030,894 | | 9,030,827 |
| Interest Accrued but not Due on Secured Loans | 650,685 | | 725,049 |
| Other Liabilities | 5,722,460 | | 2,062,288 |
| Investor Education and Protection Fund | | | |
| Unclaimed application money for allotment of Fully Convertible Debentures and Deep Discount Bond | 84,855 | | 84,855 |
| | | 166,648,272 | 135,896,670 |
| b. Provisions | | | |
| Provision for Taxes | 38,496 | | 11,673 |
| Provision for Performance Related Pay | 14,000,000 | | - |
| Provision for Retirement Benefits (See note 2(h) of Schedule 16) | 1,422,739 | | 1,487,704 |
| | | 15,461,235 | |
| | | 182,109,507 | 137,396,047 |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|---|--|--|--|
| SCHEDULE 11 | | | |
| MISCELLANEOUS EXPENDITURE | | | |
| (To the extent not written off or adjusted) | | | |
| a. Preliminary Expenses | | | |
| Balance brought forward | 647,790 | | 1,405,621 |
| Less: Amount charged to Profit & Loss Account | 647,790 | | 757,831 |
| | | - | 647,790 |
| b. Expenses Incurred on Public issue of Fully Convertible Debentures and Deep Discount Bonds | | | |
| Balance brought forward | 7,017,094 | | 15,226,194 |
| Less: Amount charged to Profit & Loss Account | 7,017,094 | | 8,209,100 |
| | | - | 7,017,094 |
| c. Deferred Revenue Expenses | | | |
| (See Note 3(o) of Schedule 16) | | | |
| Balance brought forward | 5,302,810 | | 11,506,422 |
| Less: Amount charged to Profit & Loss Account | 5,302,810 | | 6,203,612 |
| | | - | 5,302,810 |
| d. Ancillary Cost inconnection with arrangement of borrowings for DDBs (See Note 3 (o) of Schedule 16) | | | |
| Add: Amount incurred during the year | 124,313,383 | | |
| Less: Amount charged to Profit & Loss Account | 12,431,338 | 111,882,045 | - |
| | | 111,882,045 | 12,967,694 |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2005 Rupees |
|--|---|---|---|
| <u>SCHEDULE 12</u> | | | |
| INCOME FROM OPERATIONS | | | |
| Toll Revenue | | 330,749,134 | 270,416,048 |
| License Fee (Space for Advertisement) | | | |
| Noida Side | 33,742,156 | | 29,908,098 |
| Delhi Side (Net of License Fees paid to MCD) | <u>25,541,843</u> | | <u>5,576,727</u> |
| | | 59,283,999 | 35,484,825 |
| | | <u>390,033,133</u> | <u>305,900,873</u> |
| <u>SCHEDULE 13</u> | | | |
| OTHER INCOME | | | |
| Profit on Sale of Units of Mutual Fund | | 3,947,265 | 7,670,629 |
| Exchange Rate Fluctuation | | 7,966,082 | - |
| Miscellaneous Income | | 4,797,341 | 3,791,202 |
| | | <u>16,710,688</u> | <u>11,461,831</u> |

NOIDA TOLL BRIDGE COMPANY LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

| | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2005 Rupees |
|--|---|---|
| SCHEDULE 14 | | |
| OPERATING AND ADMINISTRATION EXPENSES | | |
| Salaries, Wages and Bonus (Includes a provision of Rs. 140 Lacs towards Performance Related Pay) | 36,415,959 | 19,209,238 |
| Contribution to Provident and Other Funds | 1,107,949 | 1,723,867 |
| Staff Welfare Expenses | 2,195,168 | 1,775,804 |
| Fees Paid to O & M Contractor | 33,015,978 | 29,611,227 |
| Consumption of Cards and On Board Unit | 1,424,825 | 1,263,522 |
| Legal & Professional Charges (See Note 3(k) of Schedule 16) | 15,397,018 | 13,345,435 |
| Agency Fees | 2,255,046 | 2,372,432 |
| Insurance Expenses | 6,391,869 | 6,158,474 |
| Travelling and Conveyance | 5,104,657 | 4,303,457 |
| Advertisement and Business Promotion Expenses | 1,899,008 | 3,177,330 |
| Rent | 951,194 | 420,000 |
| Repair & Maintenance - Building | 886,698 | 1,863,585 |
| Repair & Maintenance - Others | 1,718,271 | 1,387,539 |
| Telephone, Fax and Postage | 1,700,466 | 1,273,751 |
| Electricity Expenses | 2,029,031 | 571,046 |
| Rates and Taxes | 3,113,556 | 435,865 |
| Director's Sitting Fees | 478,000 | 140,000 |
| Loss on Sale of Fixed Assets | (11,460) | 139,541 |
| Development Right Expenses | - | 201,754 |
| Printing & Stationery | 1,296,868 | 920,635 |
| Other Expenses | 1,228,730 | 947,044 |
| | 118,598,831 | 91,241,546 |
| SCHEDULE 15 | | |
| FINANCE CHARGES | | |
| Interest on Deep Discount Bonds | (5,040,067) | 134,625,060 |
| Interest on Term Loan | 195,253,818 | 191,663,546 |
| Amortisation of Zero Coupon Bond Series B | 32,664,127 | 29,615,900 |
| Other Finance Charges (Includes Lease Finance Charges Rs. 39,036; Previous year Rs. 70,947) | 9,667,134 | 17,690,857 |
| | 232,545,012 | 373,595,363 |

SCHEDULE 16 : NOTES FORMING PART OF THE ACCOUNTS

(1) Background

Noida Toll Bridge Company Limited (the Company) has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the Delhi Noida Link Bridge under the "Build-Own-Operate-Transfer" (BOOT) basis. The Delhi Noida Link Bridge comprises the Delhi Noida Link Bridge, adjoining roads and other related facilities and the Ashram flyover which has been constructed at the landfall of the Delhi Noida Link Bridge.

A 'Concession Agreement' entered into between the Company, Infrastructure Leasing and Financial Services Limited and the New Okhla Industrial Development Authority, Government of Uttar Pradesh, conferred the right to the Company to implement the project and recover the project cost (through the levy of fees / toll revenue) with a designated rate of return over the 30 year concession period commencing December 30, 1998 the date of Certificate of Commencement, or till such time the designated return is recovered, whichever is earlier. The Concession Agreement further provides that in the event the project cost with the designated return is not recovered at the end of 30 years, the concession period shall be extended by 2 years at a time until the project cost and the return thereon is recovered. The rate of return is computed with reference to the project costs, cost of major repairs and the shortfall in the recovery of the assured returns in the previous year(s).

The independent auditors of the Project appointed in terms of the Concession Agreement have ascertained the cost of the Delhi Noida Link Bridge incurred till March 31, 2001 on provisional basis pending certain payments, which would be effected on submission of the final bills by the contractor as per terms of the contract and clearance of the same by the Project Engineer. The independent auditors have also determined the accrued return as designated under the Concession Agreement and due to the company till March 31, 2005. The total amount to be recovered up to 31 March, 2006 under the Concession Agreement including 20% return on project cost aggregates to Rs. 9533.92 million as calculated by management. The same is subject to audit by the Independent auditor.

(2) Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act 1956 and comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India. The Accounting policies have been consistently applied by the Company.

(b) Fixed Assets

Fixed assets include the Delhi Noida Link Bridge and Ashram Flyover which are stated at original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Expenses incurred on the Delhi Noida Link Bridge include direct and indirect expenses incurred for procurement/construction of land and buildings, roads, bridges, culverts, plant and machinery including toll plazas and other equipment and related expenses. (See also Note 3(a) below)

(c) Revaluation of Fixed Assets

Revalued assets are recorded at revalued amounts and the incremental values are shown as Revaluation Reserve. Revaluation Reserve is transferred to the General Reserve to the extent relatable to the assets disposed off.

(d) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---|----------|
| Building | 62 years |
| Data Processing Equipment | 3 years |
| Office Equipment | 5 years |
| Vehicles | 5 years |
| Furniture & Fixtures | 7 years |
| Bridge | 62 years |
| Chain Link Fencing (Included in Bridge) | 15 years |
| Advertisement Structures (included in Bridge) | 5 years |

(e) Revenue Recognition

The Company's revenue are recognized on accrual basis.

(f) Financing Cost

All Financing Costs in relation to borrowings made by the Company are recognised as an expense and are charged to revenue in the year in which these are incurred on a year to year basis based on contractual terms agreed with the Lenders.

(g) Inventories

Inventories have been valued at cost or net realizable value whichever is lower. Cost is recognised on First In First Out basis.

(h) Retirement Benefits

The provision for gratuity as at the year end has been made based on an actuarial valuation funded by the Life Insurance Corporation of India.

The money value of unutilised leave due to the employees in terms of the service conditions is included under retirement benefits and is calculated on the basis of leave due to an employee as at the end of the year multiplied by salary as on 31st March.

(i) Investments

Investments are valued at cost.

(j) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on that date. In case of forward contracts for foreign exchange, the difference between the forward rate and the exchange rate at the date of the transaction are recognised over the life of the contract.

In case of liabilities incurred for acquisition of fixed assets, the loss or gain on conversion, at the rates prevailing at the year end is adjusted to the carrying amount of related fixed assets.

(k) Miscellaneous Expenditure

Miscellaneous expenditure pertaining to the expenses not relating to the construction of the bridge during the preoperative period is amortised over a period of five years from the date of commencement of commercial operations. Expenditure incurred in connection with restructuring of DDBs is amortised under straight line method over ten financial years commencing from FY 2005-06.

(l) Capitalisation of Borrowing Costs

Borrowing costs related to the acquisition / construction of the qualifying fixed assets for the period upto the completion of their acquisition / construction are included in the book value of the assets.

(m) Deferred Taxation

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence.

Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance sheet date.

(n) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(o) Financial Lease

Finance leases which effectively transfer to the company substantial risks and benefits incidental to ownership of the leased item, are capitalized and disclosed as leased assets. Finance charges payable on assets taken on financial lease are charged off to Profit & Loss Account.

(p) Securities Premium Account

Difference between the issue price of GDRs and the face value of inherent equity shares has been recorded as Securities Premium. Share issue expenses is adjusted against the Securities Premium Account as permitted by Sec 78 (2) of the Companies Act 1956.

(q) Debenture Redemption Reserve

Debenture Redemption Reserve (DRR) is created for redemption of the Deep Discount Bonds (DDBs) for an amount equal to the issue price of the DDBs by appropriating from the Profits of the year a sum calculated under sum of digits method. over the remaining life of the DDBs The adequacy of DRR is reviewed by management at periodic intervals.

(3) NOTES ON ACCOUNTS:

(a) Fixed Assets

(i) Depreciation

The Company has obtained approval from the Department of Company Affairs vide its letter dated December 14, 2003 for not charging depreciation on the Delhi Noida Link Bridge for a three year period commencing from Financial Year 2003-04. Accordingly, depreciation on the Bridge has not been provided for during the current financial year. The quantum of arrears of Depreciation for the years 2003-04, 2004-05 and 2005-06 amounts to Rs. 208,559,075 /- which will be charged over the remaining useful life of the asset. The Company has during the year changed the method of providing for the depreciation from WDV method to Straight Line method in respect of assets (other than the Bridge) over the estimated life of the assets as disclosed in 2 (d) above with retrospective effect. Accordingly depreciation has been recalculated in accordance with the new method from the date of the asset coming into use.

As a result of this change, additional depreciation of Rs. 12,15,843 has been provided for which has resulted in under statement of profit for the year by the same amount.

(ii) Revaluation of Fixed Assets:

- Delhi Noida Link Bridge includes value of Land appurtenant to the Bridge on both sides of Delhi and Noida. The company had during the year 2003-04 carried out revaluation of Land for 34 acres on Noida side (original cost Rs. 5,719,849 and

written down value Rs. 5,519,581 as on April 1, 2003) for which the value has been increased by Rs. 1,345,044,007.

- New Okhla Industrial Development Authority (NOIDA) has accorded in principle approval to grant Development Rights to the Company and formal agreement in this regard is pending execution. The terms and conditions of the formal agreement may impact land valuation.

(b) Sale of Revalued Land :

After obtaining approval from the Shareholders and the Lenders, the company had sold 30.493 acres of revalued land to its wholly owned subsidiary in the year 2003-04 at the revalued price. Consequent to such sale, revaluation amount pertaining to land sold had been transferred from the Revaluation Reserve to the General Reserve in the year 2003-04.

(c) Wholly Owned Subsidiary:

The Company created a Wholly Owned Subsidiary Company, namely, DND Flyway Ltd during the year 2003-04 after obtaining the approval of the Lenders as well as Trustees to the Debenture holders and the Shareholders of the Company. Six Equity shares of face value of Rs. 10 each of the DND Flyway Ltd are held jointly with individuals (with the company as first named Shareholder)

(d) GDR Issue

With a view to deleverage the company and to meet the cost of Mayur Vihar Link, the company launched a Global Depository Receipts (GDR) in the UK market in the month of March 2006 to raise new equity capital. Accordingly the company issued 56,818,180 Equity Shares represented by 11,363,636 GDRs (each GDR representing 5 Ordinary Shares of Rs. 10 each) @ \$3.96/GDR through Collins Stewart Limited and Edelweiss Capital Limited to the Institutional Investors and raised \$ 44,999,998.56 (equivalent to INR 199,70,99,936). The company has granted Collins Stewart Limited an over allotment option of up to 10% of the total number of new ordinary shares issued to the Depository. The company has received \$ 4,499,997.48 (equivalent to INR 201,329,887) in April 2006 towards over allotment.

The proceeds of the issue have been utilised upto the date of financial statement as follows:

| | |
|---|-----------------|
| Share Issue Expenses (Inclusive of expenses of Rs. 54,834,131 incurred in foreign currency and deducted from the gross proceeds) | Rs. 117,174,848 |
| Repayment of Secured Loans due on 31.03.2006 | Rs. 501,480,339 |

Remaining proceeds will be utilised for :

- Prepayment of loans to Banks and Financial Institutions to reduce interest costs along with any agreed prepayment charges in FY 2006-07
- Funding the construction of the Mayur Vihar link to the Delhi Noida Toll Bridge provided all the required approvals are obtained in time. Pending such approval the company intends to use the funds for the prepayment of loans. In the event the required lease is granted the company would reborrow the funds required for the construction of Mayur Vihar Link.

(e) Debt Restructuring:

Pursuant to the approved Debt Restructuring package, the Company has issued

- Zero Coupon Bonds (ZCBs) (Series A) of face value of Rs. 100 each aggregating to Rs. 51.385 crores to Financial Institutions and others towards conversion of Term Loan. ZCBs aggregating to Rs. 25.693 Crores were repaid on March 31, 2005 and the balance have been repaid on March 31, 2006 as per terms of Restructuring.
- Zero Coupon Bonds (Series B) of face value of Rs. 100 each aggregating to Rs. 55.5422 crores to Banks, Financial Institutions and others repayable no later

than March 31, 2014 towards the Net Present Value of the sacrifice made by them by way of reduction of interest rates from the contracted terms. The Company is creating provision on a year to year basis on the principle of Sinking Fund by applying the weighted average interest rate on outstanding borrowings prior to restructuring as the discount rate and thereby arrive at the amount of the yearly charge. The Company has obtained confirmation from professional experts with respect to appropriateness of the Sinking Fund Method as well as the adequacy of the charge on a year to year basis to account for the liability towards the ZCBs in the books. Accordingly, the Profit and Loss account has been debited with Rs. 32,664,127 (Previous Year Rs. 29,615,900) being the required amount towards provision and the corresponding liability has been created under the head Secured Loans. The company has redeemed ZCBs (Series B) aggregating to Rs. 27,771,100/- during the year 2003-04 and the same has been adjusted against the face value of the Zero Coupon Bonds (Series B) issued by the Company.

- The Company has repaid Terms Loans to the Banks aggregating to Rs. 48.9111 Crores in the two Financial Years ending March 31, 2005 and 2006 as per terms of restructuring.

(f) Capitalisation of the Delhi Noida Link Bridge :

Pending receipt of the final bill from the EPC contractor, for expenses incurred on the project, Company had, based on an estimate of balance work done as certified by the Project Engineer, capitalised the same at an estimated cost of Rs. 37.12 million.

Both parties to the contract have referred some of the disputes to arbitration. Cost of the project will be revised based on receipt of the contractor's final bill, and on settlement of arbitration proceedings. The extent of such adjustments, if any cannot be determined at this stage. (See also Note 3(h)(iv)).

(g) Secured Loans :

- Deep Discount Bonds are secured by a pari passu first charge in favour of the trustees along with the other senior lenders of the Company on all the project assets which include the Delhi Noida Link Bridge and all tangible and intangible assets including but not limited to rights over the project site, project documents, financial assets such as receivables, cash, investments, insurance proceeds etc. (See note 3(l))
- The Company had issued Series A Zero Coupon Bonds of Rs. 100 each for an aggregate amount of Rs. 513,850,000 to be repaid in two equal installments on March 31, 2005 and 2006 as per terms of Restructuring approved by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions on October 29, 2002. These Zero Coupon Bonds are secured by pari passu first charge on the Company's assets both present and future. Both the installments have been repaid on due dates. The company after obtaining no dues certificate from the Financial Institutions will send the same to the Trustees for release of the charge.
- The Company has issued Series B Zero Coupon Bonds of Rs. 100 each for an aggregate amount of Rs. 555,422,000 to Banks and Financial Institutions against the sacrifice made by them by way of reduction of interest rates from the contracted terms pursuant to the approval of the Companies debt restructuring package by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions. These Zero Coupon Bonds are secured by pari passu first charge on the Company's assets both present and future.
- The loan of Rs. 350 mn raised during the year 2004-05 is secured by pari passu first charge on the Company's assets both present and future along with the other Senior Lenders of the Company.
- The Company has during the current year taken a Loan of Rs. 124,313,383 from M/s IL&FS Ltd which is secured by pari passu first charge on the Company's assets both present and future. The Company is in the process of creation of the charge.

- (vi) Consequent to the exercise of the Option-II by the Deep Discount Bond holders holding 52,087 DDBs as per the Scheme of Arrangement approved by Honorable Allahabad High Court, the Take out Lenders i.e. M/s Infrastructure Leasing & Financial Services Ltd (IL&FS) and M/s Infrastructure Development Finance Company Ltd (IDFC) have purchased the Bonds as per the rates provided in the Scheme on February 27,2006 and have converted the same along with 37,098 DDBs purchased on the first Take Out date on November 3, 2004 into Term Loan forthwith carrying interest @ 8.5% p.a The Loan is secured by pari passu first charge on the company's assets both present and future along with the other Senior Lenders of the company .
- (vii) Term loans from banks, financial institutions and others are secured by a charge on:
- Immovable properties of the Company situated in the states of Delhi and Uttar Pradesh.
 - The whole of the movable properties of the Company, both present and future.
 - All the Company's book debts, receivables, revenues of whatsoever nature and wheresoever arising, both present and future.
 - All the rights, titles, interest, benefits, claims and demands whatsoever of the Company under any agreements entered into by the Company in relation to the project including consents, agreements or any other documents entered into or to be entered into by the Company pertaining to the project, as amended, varied or supplemented from time to time.
 - All the rights, titles, interest of the Company in and relation to the Trust & Retention account proceeds, being the bank account established by the Company for crediting all the revenues from the project including but not limited to toll collections from the project.
 - All the rights, titles, interest benefits, claims and demands whatsoever of the Company in the Government permits, authorizations, approvals, no objections, licenses pertaining to the project and to any claims or proceeds arising in relation to or under the insurance policies taken out by the Company pertaining to the assets of the projects of the Company.

(h) Contingent Liabilities :

- (a) Contingent Liabilities in respect of:

| | As at March 31, 2006 Rs./Million | As at March 31, 2005 Rs./Million |
|--|---|---|
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid against such contracts Rs. 4.87 million (Previous year Rs. Nil) | 7.67 | 6.89 |
| (ii) Claims not acknowledged as debt by the Company. | NIL | 33.20 |
| (iii) Based on an environment and social assessment, compensation for rehabilitation and resettlement of project-affected persons has been estimated and considered as part of the project cost and provided for based on estimates made by the Company. | | |
| (iv) Claims made by the Contractor aggregating to Rs. 251.26 million (Previous year Rs. 251.26 million) have not been accepted by the Company and both parties have referred the matter to arbitration in accordance with the contractual arrangements. | | |

- (v) Claims made by the contractor pertaining to the Construction of the Ashram Flyover aggregating to Rs. 19.82 million (Previous Year NIL) have not been accepted by the Company. The matter was referred for adjudication by both parties. The adjudication proceeding has been concluded and the adudicator has ruled that the claims are time barred. However, the matter can be referred to arbitration.

(i) **Expenditure in Foreign Currency :**

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|-----------------------|---|---|
| (a) Travel | 1,125,567 | 418,240 |
| (b) Inventories (OBU) | 729,891 | 733,149 |

(j) **Managerial Remuneration:**

Remuneration paid / payable to Managers.

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|---|---|---|
| (a) Salaries | 1,986,375 | 1,639,140 |
| (b) Contribution to Provident and other funds | 111,078 | 100,980 |
| (c) Monetary value of perquisites | 691,389 | 398,426 |
| | 2,788,842 | 2,138,546 |

(k) **Auditor's Remuneration :**

Legal and Professional charges include remuneration paid to Auditors as follows:

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|---|---|---|
| (a) As Statutory Auditors | 200,000 | 150,000 |
| (b) For other Audit Services | 750,000 | Nil |
| (c) Limited review of half yearly accounts | 198,000 | 150,000 |
| (d) For taxation matters | 75,000 | 60,000 |
| (e) For Other Services | 243,000 | 266,000 |
| (f) Reimbursement of out of pocket expenses | 25,000 | 32,500 |
| (g) Service Tax | 148,002 | 49,640 |
| | 1,639,002 | 708,140 |

(l) **Debt Restructuring in respect of Deep Discount Bonds:**

The Company raised Rs. 500 million through a public issue of 1,00,000 Deep Discount Bonds (DDBs) in November 1999 with a issue price of Rs. 5,000 each and having an effective annual interest rate of 14.67%. Each DDB was stated to have a face value of Rs. 45,000 per bond in November 2015 (the maturity value of all the DDBs being Rs. 4,500 million in aggregate).

The DDBs are secured by a pari passu first charge in favour of the trustees along with the other senior lenders of the Company on all the project assets which include the Delhi Noida Toll Bridge and all tangible and intangible assets including but not limited to rights over the project site, project documents, financial assets such as receivables, cash, investments, insurance proceeds and so forth.

Pursuant to a “take-out” financing arrangement made by the Company with IDFC and IL&FS, the holders of the DDBs were given the option to sell the DDBs to IDFC (60%)/IL&FS (40%) at predetermined prices of Rs. 9,500 per bond at the end of 5th year i.e. November 2004 (at a yield of 13.70% per annum) and Rs. 16,500 per bond at the end of the 9th year i.e. November 2008 (at a yield of 14.19% per annum).

The Company approached the CDR Empowered Group in January 2004 for restructuring of the DDBs. The CDR Empowered Group at its meeting held in February 2004 approved the Company's proposal and the same was communicated in their letter dated 17 May, 2004. The said proposal was consented to by a majority of 54% of the DDB holders (by value).

Scheme of Arrangement

The Company filed a Scheme of Arrangement (Scheme) under section 391-393 of the Act with the Honorable High Court of Judicature at Allahabad in July 2004 for approval of the debt restructuring package as approved by the CDR Empowered Group under the CDR Scheme to give a statutory and binding force to the restructuring of the DDBs.

Under the Scheme of Arrangement with respect to restructuring of the DDBs, the Company was to provide to every DDB Holder an option to either reschedule the contracted annual yield (i.e. the interest rate) and also vary the terms and conditions in respect thereof with effect from the Appointed Date (“Appointed Date” to mean 1 April, 2002) in the manner specified in Option-I or an exit option in the manner specified under Option-II, hereunder.

The details of the options are as follows:

- (a) Option-I: DDB Holders electing this would be entitled to the following: (i) contracted rate of interest i.e. at 13.6974% per annum until 31 March, 2002 and thereafter the effective yield to be reduced to 8.5% per annum; (ii) the date of maturity for the DDB will be 3 November, 2015 and the maturity value per DDB calculated at the revised interest would be Rs. 20,715 per bond (subject to deduction of tax, if applicable); (iii) the Company to have a right to call/purchase DDBs from the DDB Holders at any time after the Effective Date (24 November, 2005, i.e. the date on which the certified copy of the order of the High Court sanctioning the Scheme was filed with the ROC, Uttar Pradesh) with interest calculated at the rate of 13.697% per annum until 31 March, 2002 and at 8.5% per annum thereafter up to the date of such payment; (iv) the DDBs will have no credit enhancement and the Take-Out Obligations of the Take-Out Lenders will not be exercisable.
- (b) Option-II: DDB Holders who are not willing to accept the revised terms and conditions as set out in Option-I above will be entitled to encash the DDBs by submitting them to the Take-Out Lenders for the take out offer at a predetermined price of Rs. 9,500 per DDB (subject to deduction of tax, if applicable) on the take out date i.e. 3 November, 2004 plus an interest at the rate of 8.5% for delay, if any, thereafter up to the date of payment.

Under the Scheme of Arrangement, the Company had to send letters to the DDB holders to exercise the options, immediately after the record date and in any case within 15 days therefrom. If a DDB holder did not exercise the option within 21 days, the DDB holder would be deemed to have exercised Option-II. Payments are to be made to the DDB holders, within a period of 60 days of the record date, fixed by the Company for this purpose, subject to applicable terms and conditions, laws and regulations.

The Scheme was approved by the High Court on 24 October, 2005 and the Company has completed implementation of the Scheme. The Scheme as approved by the Honorable High Court has an overriding effect over the terms of the offer document through which the DDBs were offered including but not limited to the procedure mentioned therein for effecting the take out offer.

The Company had fixed 30 December 2005 as the record date to determine the DDB holders who were entitled to receive option letters for implementation of aforesaid scheme and

28 February, 2006 as the date of payment. The Company sent letters to the DDB holders and the last date for exercise of options by the DDB holders was 7 February, 2006.

Status of DDBs

As on 7 February, 2006, a total of 142 DDB holders have exercised Option-I, (amounting to 10,815 DDBs) and 1,837 DDB holders have exercised or have, by default, fallen under Option-II, (amounting to 52,087 DDBs). In terms of the Scheme of Arrangement, all the rights attached to the DDBs, in relation to which the DDB holders who have exercised their options or have, by default, fallen under Option-II, have been extinguished with effect from the payment date, i.e. 28 February, 2006.

As per the takeout schedule specified in the terms and conditions of the offer document in terms of which the Company had offered the DDBs, the DDB holders holding 37,098 DDBs exercised Put Option on the take out date i.e. on 3 November, 2004. These have not been considered for the Take-out option, but have been extinguished as on 28 February, 2006.

The Company has recompensed IL&FS Rs. 124.31 million towards the cost incurred for the completion of the DDB restructuring.

(m) Investments in Mutual Fund :

During the year, the Company acquired and sold units of Mutual Funds on various dates as under:

| Particulars | Purchases | | Sales | |
|---|------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | Units | Amount Rupees | Units | Amount Rupees |
| Templeton India - Treasury Management Account Regular Plan | 31,550.96 (61,616.20) | 53,500,000.00 (101,401,445.67) | 43,057.11 (86,111.39) | 73,420,057.79 (141,742,540.70) |
| Templeton Floating Rate Income Fund - Short Term Plan | Nil (5,565,587.55) | Nil (66,442,540.71) | Nil (5,565,587.55) | Nil (66,451,445.67) |
| Prudential ICICI Liquid Plan* | 483,833.90 (1,503,279.34) | 8,000,000.00 (24,319,361.84) | 483,833.90 (3,098,675.95) | 8,202,823.17 (50,161,599.22) |
| Prudential ICICI Institutional Short Term Plan - Cumulative Option | Nil (1,534,488.36) | Nil (19,315,985.98) | Nil (1,534,488.36) | Nil (19,319,361.84) |
| Birla Cash Plus Retail Plan -Growth | Nil (204,798.13) | Nil (3,500,000.00) | Nil (204,798.13) | Nil (3,610,570.52) |
| Birla Cash Plus - Instl. Prem. - Growth | 26,139,313.53 (Nil) | 290,000,000.00 (Nil) | Nil (Nil) | Nil (Nil) |
| UTI -Liquid Advantage Fund Institutional Growth Plan (Formerly IL&FS Liquid Plan) | Nil (30,300.27) | Nil (33,808,470.26) | Nil (56,475.59) | Nil (65,613,776.14) |
| UTI - Fixed Maturity Plan-QFMP (series VII) Growth Plan (Formerly IL&FS Fixed Maturity) | Nil (2,476,107.13) | Nil (24,761,071.30) | Nil (2,476,107.13) | Nil (25,095,098.15) |
| UTI Floating Rate Fund - Short Term Loan (Growth Option) | 455,178.57 (Nil) | 5,000,000.00 (Nil) | 455,178.57 (Nil) | 5,052,117.95 (Nil) |
| UTI - Liquid Cash Plan Regular - Growth Option | 3,575.23 (Nil) | 4,000,000.00 (Nil) | 3,575.23 (Nil) | 4,047,989.90 (Nil) |
| UTI - Liquid Cash Plan Institutional - Growth | 9,305.00 (Nil) | 10,547,989.81 (Nil) | 9,305.00 (Nil) | 10,692,215.65 (Nil) |
| SBI Mutual Fund- Magnum Insta Cash Fund -Cash Option. | Nil (583,115.72) | Nil (8,461,178.31) | Nil (1,328,229.40) | Nil (19,427,201.31) |
| SBI Mutual Fund- Magnum Income Fund Floating Rate Short Term Plan Growth | Nil (335,070.56) | Nil (3,460,943.76) | Nil (335,070.56) | Nil (3,461,178.31) |
| HSBC Mutual Fund - OCFG HSBC Cash Fund - Growth | 486,885.08 (3,117,001.76) | 5,500,000.00 (34,004,309.08) | 1,068,848.05 (2,535,038.79) | 12,117,637.16 (28,103,478.68) |

| Particulars | Purchases | | Sales | |
|---|---------------------------------|-----------------------------------|--------------------------------|----------------------------------|
| | Units | Amount Rupees | Units | Amount Rupees |
| HSBC Mutual Fund -OFSRG HSBC Floating Rate Fund -Short Term -Regular Option | Nil (638,779.57) | Nil (6,503,478.67) | Nil (638,779.57) | Nil (6,504,309.07) |
| D40 DSP Merrill Lynch Liquidity Fund-Growth | 1,298,166.94 (2,444,414.11) | 22,000,000.00 (38,521,269.22) | 1,298,166.94 (2,444,414.11) | 22,243,701.10 (39,594,646.88) |
| D40 DSP Merrill Lynch Floating Rate Fund -Growth | Nil (567,701.39) | Nil (6,219,566.12) | Nil (567,701.39) | Nil (6,221,269.22) |
| GCFG Grindlays Cash Fund-Growth | Nil (879,215.40) | Nil (10,500,000.00) | Nil (879,215.40) | Nil (10,584,786.24) |
| Chola Liquid Insta Plus Cumulative | 33,958,089.88 (1,574,860.24) | 481,500,000.00 (21,000,000.00) | 2,294,484.03 (1,574,860.24) | 32,158,378.28 (21,192,421.76) |
| HDFC Cash Management Fund -Savings Plan-Growth | 2,055,575.33 (2,948,963.96) | 30,000,000.00 (40,394,156.28) | 2,870,045.07 (2,134,494.22) | 41,990,261.75 (29,391,967.58) |
| HDFC Floating Rate Income Fund - Short Term Plan-Growth | Nil (1,367,930.95) | Nil (15,191,967.59) | Nil (1,367,930.95) | Nil (15,194,156.29) |
| Kotak Liquid (Regular) - Growth | Nil (914,827.31) | Nil (12,000,000.00) | Nil (914,827.31) | Nil (12,031,534.31) |
| Kotak Liquid (Institutional)-Growth | Nil (908,623.22) | Nil (12,031,534.31) | Nil (908,623.22) | Nil (12,092,139.48) |
| TLHG01 Tata Liquid High Investment Fund - Growth | 8,789.50 (Nil) | 10,000,000.00 (Nil) | 8,789.50 (Nil) | 10,050,374.60 (Nil) |
| TLSG01 Tata Liquid Super High Inv. Fund - Appreciation | 14,589.27 (Nil) | 18,550,374.60 (Nil) | 14,589.27 (Nil) | 18,765,550.83 (Nil) |
| Standard Chartered Liquidity Manager - Growth | 1,587,356.25 (Nil) | 15,900,000.00 (Nil) | 1,587,356.25 (Nil) | 16,005,154.32 (Nil) |
| LIC Mutual Fund - LICMF Liquid Fund - Growth Plan | 25,046,042.82 (Nil) | 316,500,000.00 (Nil) | 19,775,039.155 (Nil) | 250,235,322.97 (Nil) |
| Can Bank Mutual Fund NLFIG Can Liquid Fund - Institutional | 24,332,619.05 (Nil) | 310,000,000.00 (Nil) | 18,838,156.69 (Nil) | 240,224,174.06 (Nil) |
| Principal Cash Management Fund Liquid Option Instl. Prem Plan | 32,638,523.17 (Nil) | 355,000,000.00 (Nil) | Nil (Nil) | Nil (Nil) |

* Includes balance brought forward from previous year

Of the above, 48,750,424.603, (Previous Year 1,407,938.86) units remained unsold as on 31 March, 2006 and have been shown under Investment (See Schedule 5)

Profit from sale of the above units of Rs. 3,947,265 (previous year Rs. 7,670,729) is included in other income (See Schedule 13).

Figures in bracket are the previous year figures.

(n) Outstanding Balance with Small-Scale Industrial Unit :

There are no amounts outstanding as payable to any small-scale industrial units as on March 31, 2006.

(o) Miscellaneous Expenditures :

Deferred revenue expenses includes:

- i) Expenses not relating to the construction of the bridge during the preoperative period and include marketing expenses, expenses on secretarial matters, etc. and
- ii) Expenses incurred in connection with Restructuring of Deep Discount Bonds.

(p) **Effect of change in Foreign Exchange Rates :**

Net foreign exchange gain of Rs. 539,916/- (Previous year gain Rs. 203,532) has been adjusted against capitalization of fixed assets during the year.

(q) **List of Related parties and Transactions / Outstanding Balances :**

(i) Company holding substantial interest in voting power of the Company :
Infrastructure Leasing & Financial Services Ltd.

| Transactions / Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|--|---|---|
| Expenditure on other service | 1,205,766 | 485,227 |
| Miscellaneous written off | 12,431,338 | |
| Agency Fees | 4,491,267 | 7,949,564 |
| Interest on Term Loan | 92,527,278 | 66,671,691 |
| Recoverable as at the year end | 139,514 | 2,353,180 |
| Payable as at the year end | 193,336 | 1,744,281 |
| Equity as at the year end | 41,000,070 | 360,000,070 |
| Deep Discount Bonds | Nil | 156,082,914 |
| Term Loan as at the year end | 1,152,041,907 | 650,000,000 |
| Zero Coupon Bonds (Series A) | Nil | 150,000,000 |
| Zero Coupon Bonds (Series B) | 171,000,000 | 171,000,000 |
| Funded Interest | 43,536,987 | 43,536,987 |

(ii) Enterprise which is controlled by the Company
DND Flyway Ltd.

| Transactions / Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|--|---|---|
| Investment in Equity Shares | 500,000 | 500,000 |
| Receivable as at the year end | 1,034,841,881 | 1,034,841,881 |

(iii) Key Management Personnel :
Mr. Pradeep Puri (President & CEO)
Ms. Monisha Macedo (Manager)

| Transactions / Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|--|---|---|
| Vehicle Loan as at the year end | 39,028 | 87,857 |
| House Renovation Loan at the year end | 123,982 | 163,288 |
| Remuneration paid | 13,245,562 | 10,930,143 |

(r) **Lease obligations:**

The company had taken one vehicle under finance lease, reconciliation of minimum lease payments and their present value is as under:

| | Minimum Lease Payment (Rupees) | Present value of minimum lease payments (Rupees) | Lease Charges (Rupees) |
|---|---|---|-----------------------------------|
| Amount paid upto 31/3/2006 | 1,489,026 | 1,306,116 | 182,910 |
| Amount payable not later than one year | 278,275 | 272,973 | 5,302 |
| Amount payable later than one year but not later than five years | NIL | NIL | NIL |
| Total | 1,767,301 | 1,579,089 | 188,212 |
| Previous Year | 1,767,301 | 1,579,089 | 188,212 |

The total cost of the vehicle and its carrying amount as at 31.3.2006 is Rs. 1,646,334 (Previous Year Rs. 1,646,334) and Rs. 658,534 (Previous Year Rs. 1,001,143) respectively

(s) **Earning/ (Loss) Per Share :**

| | <u>Year ended</u> <u>March 31, 2006</u> | <u>Year ended</u> <u>March 31, 2005</u> |
|--|--|--|
| I. <u>BASIC Profit/(Loss) PER SHARE</u> | | |
| A. Number of Equity shares of Rs. 10 each fully paid up at the beginning of the year | 122,400,007 | 122,400,007 |
| B. Number of Equity shares of Rs. 10 each fully paid up at the year end | 180,413,187 | 122,400,007 |
| C. Weighted Average number of Equity Shares outstanding during the period | 124,735,645 | 122,400,007 |
| D. Net Profit/(Loss) for the Period | Rs. 26,080,188 | Rs. (164,982,827) |
| E Basic Profit/(Loss) per Share | Rs. 0.21 | Rs. (1.35) |
| II <u>DILUTED Profit/(Loss) PER SHARE</u> | | |
| F. Weighted Average number of Equity Shares Outstanding during the period | 124,735,645 | 122,400,007 |
| G. Number of potential Equity Shares of Rs. 10 each after option under ESOP is exercised | 100,000 | Nil |
| H. Weighted Average number of Equity Shares after option under ESOP is exercised | 72,329 | Nil |
| I. Number of potential Equity shares of Rs. 10 each after Green Shoe option under GDR is exercised | 5,681,815 | |
| J. Weighted Average number of Equity Shares after Green Shoe option under GDR is exercised | 171,233 | |
| K. Total number of potential Equity Shares(F+H+J) | 124,979,207 | 122,400,007 |
| L. Net Profit/ (Loss) for the period | 26.080,188 | (164,982,827) |
| M Diluted Profit/(Loss) | 26,080,188 | (164,982,827) |
| N Diluted Profit/(Loss) per share | 0.21 | (1.35) |
| O. Nominal value of Equity Share | Rs. 10.00 | Rs. 10.00 |

(t) **Previous Year's Comparatives:**

Figures for the previous year have been regrouped / reclassified to conform to current year's presentation. Figures in brackets represent negative balance except otherwise stated.

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

T. K. Banerjee
CFO

Noida, U.P.
May 01, 2006

Director

Monisha Macedo
Manager &
Company Secretary

Pradeep Puri
President & CEO

NOIDA TOLL BRIDGE COMPANY LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of amendment to Schedule VI Part IV)

I Registration Details

| | | | | | |
|--------------------|---|----------------|------------|---|----|
| Registration No. | : | 20-19759 | State Code | : | 20 |
| Balance Sheet Date | : | 31 March, 2006 | | | |

II Capital Raised during the Year (Amount in Rs. Thousands)

| | | | | | |
|--------------|---|-----|------------------------------|---|--------|
| Public Issue | : | NIL | Right Issue | : | NIL |
| Bonus Issue | : | NIL | Private Placement (GDR/ESOP) | : | 580132 |

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | | | |
|--|---|---------|---------------------|---|---------|
| Total Liabilities | : | 6667138 | Total Assets | : | 6667138 |
| Source of Funds | | | | | |
| Paid-up Capital | : | 1804132 | Reserve and Surplus | : | 1627820 |
| Secured Loans | : | 3235186 | Unsecured Loans | : | NIL |
| Application of Funds | | | | | |
| Net Fixed Assets (including Capital Work-in-progress) | : | 4030829 | Investments | : | 1232000 |
| Net Current Assets | : | 1179851 | Misc. Expenditure | : | 111882 |
| Accumulated Losses | : | 112576 | | | |

IV Performance of the Company (Amount in Rs. Thousands)

| | | | | | |
|--------------------------|---|--------|-------------------|---|--------|
| Turnover & Other Income | : | 406744 | Total Expenditure | : | 379885 |
| Profit before Tax | : | 26859 | Profit after Tax | : | 26080 |
| Earning per Share in Rs. | : | 0.21 | Dividend rate % | : | N/A |

V Generic Names of three Principal Products/Services of the Company (as per monetary terms)

| | | |
|--------------------------|---|---|
| Item Code No. (ITC Code) | : | NIL |
| Product Description | : | The Company has been set up for the purpose of construction & operation of Delhi Noida Link Bridge Project on Build, Operate, Own & Transfer (BOOT) system. |

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager &
Company Secretary

Noida, U.P.
May 01, 2006

**NOIDA TOLL BRIDGE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2006**

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit / (Loss) for the year | 26,080,188.00 | (164,982,827.00) |
| Adjustments For : | | |
| Depreciation | 3,342,017.00 | 2,338,079.00 |
| Miscellaneous Expenditure Written off | 24,751,242.00 | 14,412,712.00 |
| Preliminary Expenses Written off | 647,790.00 | 757,831.00 |
| Finance Charges | 232,545,012.00 | 373,595,363.00 |
| Loss on Sale of Assets | (11,460.00) | 139,541.00 |
| Other Income | (3,947,265.00) | (7,670,629.00) |
| Exchange Rate Fluctuation | (7,966,082.00) | - |
| | <u>275,441,442.00</u> | <u>218,590,070.00</u> |
| Adjustments for Movement in Working Capital: | | |
| Decrease / (Increase) in Sundry Debtors | (1,649,966.00) | (3,953,554.00) |
| Decrease / (Increase) in Inventories | 482,137.00 | (314,131.00) |
| Decrease / (Increase) in Loans and Advances | (4,465,994.00) | 9,945,658.00 |
| Increase / (Decrease) in Current Liabilities | 44,787,824.00 | 8,488,035.00 |
| Cash From/(Used In) Operating activities | <u>314,595,443.00</u> | <u>232,756,078.00</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase / Addition to Fixed Assets | (16,745,571.00) | (26,997,550.00) |
| Proceeds from Sale of Fixed Assets | 504,163.00 | 98,585.00 |
| Gain/(Loss) on Sale of Units of Mutual Funds | 3,947,265.00 | 7,670,629.00 |
| Cash From/(Used In) Investing Activities | <u>(12,294,143.00)</u> | <u>(19,228,336.00)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Share Capital | 2,017,016,018.00 | |
| Share Issue Expenses | (117,174,848.00) | |
| Term Loans from Banks and Financial Institutions | | 350,000,000.00 |
| Repayment of Term Loan from Banks and Financial Institutions | (501,480,339.00) | (501,480,339.00) |
| Interest and Finance Charges Paid | (204,917,234.00) | (156,675,221.00) |
| Public Issue Expenses | | |
| Cash From/(Used In) Financing Activities | <u>1,193,443,597.00</u> | <u>(308,155,560.00)</u> |
| Net Increase / Decrease in Cash and Cash Equivalents | 1,495,744,897.00 | (94,627,818.00) |
| Cash and Cash Equivalents as at 1 April, 2005 | 38,078,598.00 | 132,706,416.00 |
| Cash and Cash Equivalents as at 31 March, 2006 | <u>1,533,823,495.00</u> | <u>38,078,598.00</u> |
| Components of Cash and Cash Equivalents as at: | March 31, 2006 | 31 March, 2005 |
| Cash in hand | 142,108.00 | 49,108.00 |
| Balances with the scheduled banks: | | |
| - In Current accounts | 2,181,387.00 | 1,269,361.00 |
| - In Deposit accounts | 300,000,000.00 | |
| Short Term Investments (Maturity less than 3 months) | 1,231,500,000.00 | 36,760,129.00 |
| | <u>1,533,823,495.00</u> | <u>38,078,598.00</u> |

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director
T. K. Banerjee
CFO
Noida, U.P.
May 01, 2006

Director
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Manager and
Company Secretary

Pradeep Puri
President & CEO

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Noida Toll Bridge Company Limited derived from the audited financial statements of the Company for the year ended 31 March, 2006 and found the statement to be in accordance therewith and also with the requirements of clause 32 of the listing agreement with the Stock exchanges.

For LUTHRA & LUTHRA
Chartered Accountants

Noida, U.P.
May 01, 2006

Amit Luthra
Partner

**STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO THE SUBSIDIARY COMPANY**

| | | |
|----|--|--|
| 1. | Name of the company | DND Flyway Limited |
| 2. | Financial period of the Subsidiary ended on | 31st March,2006 |
| 3. | Holding Company's Interest in the Subsidiary Company | 100% of the Equity Share capital of Rs. 500,000 |
| 4. | Net aggregate amount of the Profit/(Loss) of the Subsidiary Company (concerning the members of Noida Toll Bridge Company Limited) not dealt with or provided for in the accounts of Noida Toll Bridge Company Limited. | |
| | (a) For the current year | (Rs. 55,724) |
| | (b) For the previous year since it became a subsidiary | (Rs. 143,768) |
| 5. | Net aggregate amount of the Profit/(Loss) of the Subsidiary Company (concerning the members of Noida Toll Bridge Company Limited) dealt with or provided for in the accounts of Noida Toll Bridge Company Limited. | |
| | (a) For the current year | Nil |
| | (b) For the previous year since it became a subsidiary | Nil |

Pradeep Puri
President & CEO
Noida, U.P.
May 01, 2006

Director Director

Monisha Macedo
Manager and
Company Secretary

T.K.Banerjee
CFO

DND FLYWAY LIMITED

Board of Directors

Mr. Gopi Arora
Mr. Pradeep Puri
Mr. Ajai Mathur

Bankers

Canara Bank
C-3, Sector-1
NOIDA - 201 301

Auditors

Luthra & Luthra
Chartered Accountant
A-16/9, Vasant Vihar
New Delhi

Corporate / Correspondence Address

DND Flyway Limited
Toll Plaza, DND Flyway
Noida (UP) 201 301

Registered Office Address

DND Flyway Limited
A-16/9, Vasant Vihar
New Delhi

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Third Annual Report together with the Audited Accounts and the Auditors' Report for the period April 1, 2005 – March 31, 2006.

OPERATIONS

DND Flyway Limited, promoted by Noida Toll Bridge Company Limited (NTBCL) was incorporated with the object of carrying out development activities on the surplus land around the Delhi Noida Bridge (DND Flyway). The surplus land from NTBCL was proposed to be transferred to the Company in one or more tranches. In the first tranche the Company had taken on sub-lease 30.493 acres of land in Noida.

The land has been sub-leased with an existing pari passu first charge in favour of the Senior Lenders and Deep Discount Bondholders of NTBCL.

Although the Company was formed to generate revenue by developing the land, the Company can commence commercial activity only after execution of a formal agreement with New Okhla Industrial Development Authority (NOIDA). Hence even though no commercial operations have begun the financial statements have been prepared on a going concern basis.

FINANCIAL RESULTS

The Company had no transaction during the year. The loss of Rs. 55,724/- mainly consists of the remuneration to Statutory Auditors.

DIVIDEND

Since the Company has not earned any profits, the Directors cannot recommend any dividend for the year.

PUBLIC DEPOSIT

The Company has not accepted any deposits from the public during the year under review.

PARTICULARS OF EMPLOYEES

During the year under review, the Company had no employees drawing remuneration as set out under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not own any manufacturing facilities hence particulars with regard to the above are not applicable. The Company has no foreign exchange earnings and outgo.

STATUTORY AUDITORS

M/s Luthra & Luthra, Chartered Accountants, the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to continue as Auditors, if reappointed.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956, Mr. Pradeep Puri retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Section 217 (2AA) of the Companies Act, 1956 as amended in December 2000 required the Board of Directors to provide a statement to the members of the Company in connection with maintenance of books, records, preparation of Annual Accounts in conformity with the accepted accounting standards and past practices followed by the Company. Pursuant to the foregoing and after due enquiry, it is confirmed that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
2. The Directors have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

By order of the Board
For DND Flyway Limited

Mr. Gopi Arora
Director

Mr. Ajai Mathur
Director

Place : New Delhi
Dated : April 28, 2006

AUDITOR'S REPORT

**TO THE MEMBERS OF
DND FLYWAY LIMITED
New Delhi.**

1. We have audited the attached Balance Sheet of **DND Flyway Limited** as at 31 March 2006, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 of the said Order.
4. We draw your attention to the fact that New Okhla Industrial Development Authority (NOIDA) has conveyed its in-principle approval to grant development rights on land acquired on a sub lease basis from Noida Toll Bridge Company Limited. (Refer to note No. 1 of Notes to accounts in schedule – 5B)
5. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so it far as appears from our examination of those books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March, 2006, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **LUTHRA & LUTHRA**
Chartered Accountants

Amit Luthra
Partner
(Membership No. 85847)

Place : Noida
Date : April 28, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. The nature of the company's business / activities during the year is such that clauses (i), (iii), (vi), (vii), (viii), (xi), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable for the year ended 31 March 2006.
2. As the stock in trade consists only of land and the management is of the opinion that physical verification is not required, the same has not been physically verified. Hence clauses 4 (ii)(b) and (c) of the order are not applicable.
3. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and for the sale of goods.
4. There were no transactions which require to be entered in a register in pursuance of section 301 of the Companies Act 1956. Hence clause 4(v) (b) of the order is not applicable.
5. Provident fund and Employees' State Insurance Act are not applicable. Further, the company is regular in depositing undisputed statutory dues including investor education and protection fund, income-tax, sales-tax, wealth tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities.
6. There were no dues of sales tax / income tax / custom duty / wealth tax / excise duty / cess outstanding on account of any dispute.
7. The company has been incorporated for a period of less than five years and its accumulated losses at the end of the financial year are less than fifty per cent of its net worth. However the company has incurred cash losses in the financial year.
8. As per the information and explanations given to us, the company has acquired secured land with charge of all secured lenders of NTBCL. In our opinion the terms and conditions of such charge is not prejudicial to the interest of the company.
9. As per the information and explanation given to us, the funds raised on short-term basis have not been used for long-term investment and vice versa.
10. As per the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For **LUTHRA & LUTHRA**
Chartered Accountants

Amit Luthra
Partner
(Membership No. 85847)

Place : Noida
Date : April 28, 2006

DND Flyway Limited

DND FLYWAY LIMITED BALANCE SHEET AS AT 31 MARCH, 2006

| | Schedule | As at March 31, 2006 Rupees | As at March 31, 2006 Rupees | As at March 31, 2005 Rupees |
|---|----------|-----------------------------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 1 | | 500,000 | 500,000 |
| APPLICATION OF FUNDS | | | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Stock in Trade | 2 | 1,034,841,881 | | 1,034,841,881 |
| Cash and Bank balances | 3 | 355,608 | | 411,332 |
| | | 1,035,197,489 | | 1,035,253,213 |
| LESS: CURRENT LIABILITIES & PROVISIONS | 4 | 1,034,896,981 | | 1,034,896,981 |
| NET CURRENT ASSETS | | | 300,508 | 356,232 |
| PROFIT AND LOSS ACCOUNT (Debit balance) | | | 199,492 | 143,768 |
| | | | 500,000 | 500,000 |
| For Notes forming part of the Accounts, refer to Schedule | 5 | | | |

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

For and on behalf of
DND FLYWAY LIMITED

Amit Luthra
Partner

Director

Director

Noida
April 28, 2006

Noida
April 28, 2006

DND FLYWAY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006

| <u>Schedule</u> | <u>For the Year ended March 31, 2006 Rupees</u> | <u>For the Year ended March 31, 2005 Rupees</u> |
|--|---|---|
| INCOME | Nil | Nil |
| | Nil | Nil |
| EXPENDITURE | | |
| Operating and Administration Expenses | | |
| Auditors Remuneration | 55,100 | 59,300 |
| Rates & Taxes | 600 | - |
| Finance Charges | | |
| Other Finance Charges | 24 | 118 |
| | 55,724 | 59,418 |
| PROFIT / (LOSS) FOR THE YEAR | (55,724) | (59,418) |
| Balance Brought Forward from the Previous Year | (143,768) | (84,350) |
| Loss Carried to Balance Sheet | (199,492) | (143,768) |
| Basic / Diluted Loss per Equity Share (in Rs.) | (1.11) | (1.69) |

For Notes forming part of the Accounts, refer to Schedule **5**

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

For and on behalf of
DND FLYWAY LIMITED

Amit Luthra
Partner

Director

Director

Noida
April 28, 2006

Noida
April 28, 2006

DND Flyway Limited

DND FLYWAY LIMITED SCHEDULES FORMING PART OF THE ACCOUNTS

| | <u>As at March 31, 2006 Rupees</u> | <u>As at March 31, 2005 Rupees</u> |
|--|--|--|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 50,000 Equity Shares of Rs.10 | 500,000 | 500,000 |
| Issued, Subscribed and Paid up | | |
| 50,000 Equity Shares of Rs.10 each fully paid up | 500,000 | 500,000 |
| SCHEDULE 2 | | |
| STOCK IN TRADE (At Cost) | | |
| Land | 1,034,841,881 | 1,034,841,881 |
| SCHEDULE 3 | | |
| CASH AND BANK BALANCES | | |
| Balances with Scheduled banks - In Current accounts | 355,608 | 411,332 |
| SCHEDULE 4 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Sundry Creditors (balance includes Rs. 1,034,841,881 Previous Year Rs. 1,034,846,881 due to Noida Toll Bridge Company Limited, the holding Company) | 1,034,893,889 | 1,034,893,889 |
| Other Liabilities | 3,092 | 3,092 |
| | <u>1,034,896,981</u> | <u>1,034,896,981</u> |
| | <u>1,034,896,981</u> | <u>1,034,896,981</u> |

DND FLYWAY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE – 5

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(A) ACCOUNTING POLICIES:

(1) Basis of Accounting:

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting in accordance with the Companies Act 1956 (to the extent applicable) and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

(2) Stock in Trade :

Stock in Trade has been valued at cost of acquisition.

(3) Miscellaneous Expenditure:

Preliminary expenses have been amortised as and when incurred.

(B) NOTES TO ACCOUNTS:

- (1) The Company has acquired 30.493 acres of land for a consideration of Rs. 103,48,41,881 from its holding company Noida Toll Bridge Company Limited (NTBCL). The land is sub leased for a period of twenty four years commencing 31st March, 2004 with existing charge in favour of all Secured Lenders of NTBCL. This pertains to the surplus land acquired for the construction of DND Toll Bridge in accordance with the terms of the Concession agreement entered into between NTBCL, New Okhla Industrial Development Authority (NOIDA) and Infrastructure Leasing & Financial Services Limited (IL&FS). NOIDA has conveyed its “in-principle” approval to grant development rights, execution of the formal agreement in this regard is however pending. The company shall commence commercial activity on grant of development rights. Sale consideration is payable out of the development income proceeds.

The sub lease deed was registered on 4th October, 2004. Charge in favour of all the Secured Lenders of NTBCL was registered with the ROC on 8th November, 2004.

- (2) As the land is intended to be used for commercial development, the board has decided to consider the same as Stock in Trade. The sub leased land was valued by a professional valuer in February 2004, Management is of the opinion that since there have been no material changes in the conditions of land, hence the same has been recorded in the books at its fair value.

DND Flyway Limited

- (3) Remuneration to Auditors includes :

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|----------------------|---|---|
| Statutory Audit Fees | 50,000 | 50,000 |
| Other Services | – | 4,200 |
| Service Tax | 5,100 | 5,100 |
| Total | 55,100 | 59,300 |

- (4) List of Related parties and Transactions / Outstanding Balances :

- (i) Company holding substantial interest in voting power of the Company :

Noida Toll Bridge Company Limited

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|--|---|---|
| Transactions / Outstanding balances | | |
| Current Account Balance | 1,034,869,431 | 1,034,846,881 |
| Equity as at the year end | 500,000 | 500,000 |

- (ii) Key Managerial Personnel :

| | |
|------------------|----------|
| Mr. Gopi Arora | Chairman |
| Mr. Pradeep Puri | Director |
| Mr. Ajay Mathur | Director |

- (5) The Company has carried out it's deferred tax computation in accordance with AS 22. In accordance with the same, no provision for Deferred Tax Asset / Liability is required to be created.
- (6) Previous year figures have been regrouped and rearranged, wherever necessary.

(7) **Basic and Diluted Earning / (Loss) Per Share**

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|---|---|---|
| I. <u>BASIC LOSS PER SHARE</u> | | |
| i. Number of Equity shares at the beginning of the Year (Nominal value of Rs. 10 each, paid up in full) | 50,000 | 50,000 |
| ii. Number of Equity shares at the end of the Year (Nominal value of Rs. 10 each, paid in full) | 50,000 | 50,000 |
| iii. Weighted Average number of Equity Shares outstanding during the year (Nominal value of Rs. 10 each, paid up in full) | 50,000 | 50,000 |
| iv. Net Loss for the Period | (55,724) | (59,418) |
| Basic Loss per Share (iv/iii) | (1.11) | (1.19) |
| Face Value of Equity Share | 10 | 10 |

For and on behalf of
DND FLYWAY LIMITED

Director

Director

Noida
April 28, 2006

DND FLYWAY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2006

| | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Loss for the year | (55,724) | (59,418) |
| Adjustments For : | | |
| Finance Charges | 24 | - |
| | (55,700) | (59,418) |
| Adjustments for Movement in Working Capital: | | |
| Decrease / (Increase) in Inventories | - | - |
| Increase / (Decrease) in Current Liabilities | - | (34,250) |
| Cash From / (Used In) Operating activities | (55,700) | (93,668) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Cash From / (Used In) Investing Activities | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Share Capital | - | - |
| Term Loans from Banks and Financial Institutions | - | - |
| Interest and Finance Charges Paid | (24) | - |
| Public Issue Expenses | - | - |
| Cash From / (Used In) Financing Activities | (24) | - |
| Net Increase / Decrease in Cash and Cash Equivalents | (55,724) | (93,668) |
| Cash and Cash Equivalents as at 1 April, 2006 | 411,332 | 505,000 |
| Cash and Cash Equivalents as at 31 March, 2006 | 355,608 | 411,332 |
| Components of Cash and Cash Equivalents as at: | 31 March, 2006 | 31 March, 2005 |
| Cash in hand | - | - |
| Balances with the scheduled banks: | | |
| - In Current accounts | 355,608 | 411,332 |
| - In Deposit accounts | - | - |
| | 355,608 | 411,332 |

For and on behalf of
DND FLYWAY LIMITED

Director

Director

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of DND Flyway Limited derived from the audited financial statements of the Company for the year ended 31 March, 2006 and found the statement to be in accordance therewith.

For LUTHRA & LUTHRA
Chartered Accountants

Noida
April 28, 2006

Amit Luthra
Partner

AUDITOR'S REPORT

**To The Board of Directors
NOIDA TOLL BRIDGE COMPANY LIMITED
On the Consolidated Financial Statements
of "Noida Toll Bridge Company Limited" and its
Subsidiary "DND Flyway Limited"**

1. We have audited the attached Consolidated Balance Sheet of **Noida Toll Bridge Company Limited** and its subsidiary as at 31 March, 2006, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We draw the attention of the board to the note number 2(b)(ii) of schedule 16 'Notes to Accounts' regarding revaluation of leased land, wherein the formal agreement for grant of development rights, is pending execution.
4. We report that :
 - (a) The consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statement' issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Noida Toll Bridge Company Limited and its subsidiary.
 - (b) On the basis of the information and explanations given to us and on consideration of the separate audit reports on the individual audited financial statements of Noida Toll Bridge Company Limited and its subsidiary, we are of the opinion that:
 - i. The consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Noida Toll Bridge Company Limited and its subsidiary as at 31 March, 2006.
 - ii. The consolidated profit and loss account gives true and fair view of the consolidated profit of Noida Toll Bridge Company Limited and its subsidiary for the year ended on that date; and
 - iii. The consolidated cash flow statement gives a true and fair view of the consolidated cash flow of Noida Toll Bridge Company Limited and its subsidiary for the year ended on that date.

For **LUTHRA & LUTHRA**
Chartered Accountants

Amit Luthra
Partner
(Membership No. 85847)

Place : Noida
Date : May 01, 2006

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2006**

| | Schedule | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|---|----------|-----------------------------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 1 | 1,804,131,870 | | 1,224,000,070 |
| Reserve & Surplus | 2 | <u>2,657,770,477</u> | | <u>1,345,044,007</u> |
| | | | 4,461,902,347 | <u>2,569,044,077</u> |
| LOAN FUNDS | | | | |
| Secured Loans | 3 | | <u>3,235,185,538</u> | <u>3,585,152,780</u> |
| | | | <u>7,697,087,885</u> | <u>6,154,196,857</u> |
| APPLICATION OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Gross Block | 4 | 5,189,481,909 | | 5,180,916,947 |
| Less: Depreciation | | <u>138,671,748</u> | | <u>135,826,916</u> |
| Net Block | | | 5,050,810,161 | 5,045,090,031 |
| CAPITAL WORK IN PROGRESS | | | 14,860,530 | 8,172,237 |
| INVESTMENTS | | | 1,231,500,000 | 36,760,129 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Inventories | 6 | 276,390 | | 758,527 |
| Sundry Debtors | 7 | 7,923,476 | | 6,273,510 |
| Cash and Bank balances | 8 | 302,679,103 | | 1,729,801 |
| Loans & Advances | 9 | <u>16,594,791</u> | | <u>12,128,797</u> |
| | | 327,473,760 | | <u>20,890,635</u> |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | <u>137,451,147</u> |
| NET CURRENT ASSETS | | | 145,309,153 | (116,560,512) |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | | 111,882,045 | 12,967,694 |
| PROFIT AND LOSS ACCOUNT (Debit balances) | | | <u>1,142,725,996</u> | <u>1,167,767,278</u> |
| | | | <u>7,697,087,885</u> | <u>6,154,196,857</u> |

For Notes forming part of the Accounts, refer to Schedule **16**

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

Amit Luthra
Partner

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida
May 1, 2006

Noida
May 1, 2006

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006

| | Schedule | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2005 Rupees |
|---|-----------|---|---|
| INCOME | | | |
| Income from Operations | 12 | 390,033,133 | 305,900,873 |
| Other Income | 13 | 16,710,688 | 11,461,831 |
| | | 406,743,821 | 317,362,704 |
| EXPENDITURE | | | |
| Operating and Administration Expenses | 14 | 118,654,531 | 91,300,846 |
| Finance Charges | 15 | 232,545,036 | 373,595,481 |
| Depreciation | | 3,342,017 | 2,338,079 |
| Miscellaneous Expenditure Written Off | | 25,399,032 | 15,170,543 |
| | | 379,940,616 | 482,404,949 |
| PROFIT / (LOSS) FOR THE PERIOD | | 26,803,205 | (165,042,245) |
| Provision for Taxation / FBT | | (778,741) | - |
| PROFIT / (LOSS) FOR THE PERIOD | | 26,024,464 | (165,042,245) |
| Debenture Redemption Reserve | | (983,182) | - |
| Balance Brought Forward from the Previous Year | | (1,167,767,278) | (1,002,725,033) |
| Loss Carried to Balance Sheet | | (1,142,725,996) | (1,167,767,278) |
| Basic Loss per Equity Share (in Rs.) | | 0.21 | (1.35) |
| Diluted Loss per Equity Share (in Rs.) | | 0.21 | (1.35) |
| For Notes forming part of the Accounts, refer to Schedule | 16 | | |

The schedules referred to above form an integral part of the Balance sheet and Profit and Loss Account

As per our report of even date attached.

For LUTHRA & LUTHRA
Chartered Accountants

Amit Luthra
Partner

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida
May 1, 2006

Noida
May 1, 2006

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|--|
| <u>SCHEDULE 1</u> | | | |
| SHARE CAPITAL | | | |
| Authorised | | | |
| 200,000,000 (Previous Year 150,000,000) Equity Shares of Rs.10 each | | 2,000,000,000 | 1,500,000,000 |
| Issued, Subscribed and Paid up | | | |
| 180,413,187 (Previous Year 122,400,007) Equity Shares of Rs.10 each Fully Paid up | | 1,804,131,870 | 1,224,000,070 |
| <u>SCHEDULE 2</u> | | | |
| RESERVES & SURPLUS | | | |
| Revaluation Reserve | | | |
| Opening Balance | 1,345,044,007 | | 1,345,044,007 |
| Created during the year | | | |
| | | 1,345,044,007 | 1,345,044,007 |
| Debenture Redemption Reserve | | | |
| Created during the year | 983,182 | | - |
| | | 983,182 | - |
| Securities Premium | | | |
| Opening Balance | | | - |
| Received during the year | 1,428,918,136 | | - |
| Less : Share Issue Expenses | 117,174,848 | | - |
| | | 1,311,743,288 | |
| | | 2,657,770,477 | 1,345,044,007 |

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| SCHEDULE 3 | | | |
| LOAN FUNDS | | | |
| Secured Loans | | | |
| a. Debentures and Bonds | | | |
| 10,815 (Previous year 100,000) Deep Discount Bonds of face value of Rs. 20,715 (Previous Year Rs. 45,000 each) (See Note 2(f) (i) and 2(h) of Schedule 16) | 224,032,725 | | 4,500,000,000 |
| Less: Unexpired Discount | 121,552,328 | | 3,448,158,223 |
| | | 102,480,397 | 1,051,841,777 |
| 5,138,500 Series A Zero Coupon Bond of Rs. 100 each. (See Note 2(d) and 2(f) (ii) of Schedule 16) | 256,925,000 | | 513,850,000 |
| Less: Repayment during the year | 256,925,000 | | 256,925,000 |
| | | - | 256,925,000 |
| Accumulated Liability of ZCB (Series B) (See Note 2(d) and 2(f) (iii) of Schedule 16) | | | |
| Opening Balance | 53,446,234 | | 23,830,334 |
| Add: Accumulation during the year | 32,664,127 | | 29,615,900 |
| | | 86,110,361 | 53,446,234 |
| b. Term Loans (See Note 2(d), 2(f) (iv) (v) (vi) and (vii) of Schedule 16) | | | |
| Banks | 1,039,360,189 | | 1,283,915,528 |
| Financial Institutions | 780,442,789 | | 213,850,000 |
| Others | 1,152,041,907 | | 650,000,000 |
| | | 2,971,844,885 | 2,147,765,528 |
| c. Funded Interest | | | |
| | | 74,476,922 | 74,398,840 |
| d. Lease Finance (See Note 2(l) of Schedule 16) | | | |
| | | 272,973 | 775,401 |
| | | 3,235,185,538 | 3,585,152,780 |

Notes:

1. Deep Discount Bonds issued at Rs. 5000 each would be redeemed at Rs. 20,715 at the end of the 16th year from the date of allotment i.e 3, November, 1999 as per Scheme of restructuring of DDBs approved by Honourable Allahabad High Court.
2. Series A Zero Coupon Bonds of Rs. 100 each issued to Financial Institutions and Others against conversion of 50% of Term Loan as per terms of Restructuring approved by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions have been repaid in full during the year.
3. Series B Zero Coupon Bonds of Rs. 100 each issued to Banks, Financial Institutions and Others would be redeemed not later than 31 March, 2014.

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

SCHEDULE 4

FIXED ASSETS

(See note 1(c) and 2 (e) of Schedule 16)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|------------------------|--------------------|---------------------------|------------------------|------------------------|----------------------|---------------------------|------------------------|----------------------|----------------------|
| | As At 1.04.2005 | Additions | Deletions / Adjustment | As At 31.03.2006 | As At 1.04.2005 | For the Year | Deletions / Adjustment | As At 31.03.2006 | As At 31.03.2006 | As At 31.03.2005 |
| Delhi Noida Link Bridge (Refer note(A) below and 1(c) and 1(d) of Schedule 16) | 5,161,719,656 | 7,935,233 | 488,857 | 5,169,216,032 | 130,447,985 | | | 130,447,985 | 5,038,768,047 | 5,031,271,671 |
| Leasehold Building | 7,320,106 | | | 7,320,106 | 209,495 | 26,637 | | 236,132 | 7,083,974 | 7,110,611 |
| Plant & Machinery - Data Processing Equipment - Office Equipment | 1,869,729 3,178,540 | 178,662 379,092 | 53,236 312,146 | 1,995,155 3,245,486 | 1,357,784 1,027,687 | 475,627 1,348,868 | 53,236 277,691 | 1,780,175 2,098,864 | 214,980 1,146,622 | 511,945 2,150,853 |
| Vehicles (Refer Note (B) below) | 5,180,818 | 804,710 | 158,611 | 5,826,917 | 2,129,248 | 1,314,446 | 143,082 | 3,300,612 | 2,526,305 | 3,051,570 |
| Furniture & Fixtures | 1,648,098 | 257,153 | 27,038 | 1,878,213 | 654,717 | 176,439 | 23,176 | 807,980 | 1,070,233 | 993,381 |
| Previous Year | 5,180,916,947 | 9,554,850 | 989,888 | 5,189,481,909 | 135,826,916 | 3,342,017 | 497,185 | 138,671,748 | 5,050,810,161 | 5,045,090,031 |
| | 5,149,538,576 | 31,767,083 | 388,712 | 5,180,916,947 | 133,639,423 | 2,338,079 | 150,586 | 135,826,916 | 5,045,090,031 | 5,015,899,153 |

Notes :

(A) Delhi Noida Link Bridge includes value of Land appurtenant to the Bridge on both sides of Delhi and Noida (Original Cost Rs.131,680,824 and Written Down Value Rs. 127,070,480). Gross Block of Delhi Noida Link Bridge includes revalued land on Noida side carried out in the year 2003-04 for Rs. 1,345,044,007.

(B) Vehicles include Rs. 1,646,334 (previous year Rs. 1,646,334) for assets acquired under Finance Lease.

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE 5 | | |
| INVESTMENTS (At Cost) | | |
| A. Current and Quoted, other than Trade Investments | | |
| Templeton India Treasury Management Account Growth plan 11,440.62 (previous year 11,506.15) units of face value of Rs. 1000 each | – | 19,038,616 |
| HSBC Mutual Fund OCFG Cash Fund Growth - NIL (Previous year 581,962.97) units of face value of Rs. 10 each | – | 6,504,309 |
| HDFC Cash Management Fund Savings Plan Growth NIL (Previous year 814,469.74) units of face value of Rs. 10 each | – | 11,217,204 |
| Chola liquid Inst. Plus-Cumulative - 31,663,605.851 (Previous year NIL) units of face value of Rs. 10 each | 450,000,000 | – |
| LIC Mutual Fund LICMF Liquid Fund-Growth Plan - 5,271,003.665 (Previous year NIL) units of face value of Rs. 10 each | 66,500,000 | – |
| Can Bank Mutual Fund NLFIF Can Liquid Fund - Institutional- Growth- 5,494,462.3669 (Previous year NIL) units of face value of Rs. 10 each | 70,000,000 | – |
| Principal Cash Management Fund - Liquid Option Instl. Prem. Plan Growth - 32,638,523.172 (Previous year NIL) units of face value of Rs. 10 each | 355,000,000 | – |
| Birla Sun Life Mutual Fund - B503G Birla cash Plus - Instl. Prem.-Growth -26,139,313.528 (Previous year NIL) units of face value of Rs. 10 each | 290,000,000 | – |
| | 1,231,500,000 | 36,760,129 |
| | 1,231,500,000 | 36,760,129 |
| Note : 1. The Net Asset Value of quoted investments as at the period ended Rs. 1,233,254,402 (Previous year 36,815,208) | | |
| SCHEDULE 6 | | |
| INVENTORIES (At Cost) | | |
| Electronic Cards and 'On Board Units' | 276,390 | 758,527 |
| | 276,390 | 758,527 |
| | 276,390 | 758,527 |
| SCHEDULE 7 | | |
| SUNDRY DEBTORS (Unsecured, Considered Good) | | |
| Debts Outstanding for more than six months | 1,405,050 | – |
| Debts Outstanding for less than six months | 6,518,426 | 6,273,510 |
| | 7,923,476 | 6,273,510 |
| | 7,923,476 | 6,273,510 |

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

| | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|
| SCHEDULE 8 | | |
| CASH AND BANK BALANCES | | |
| Cash in Hand | 142,108 | 49,108 |
| Balances with Scheduled Banks | | |
| - In Current Accounts | 2,536,995 | 1,680,693 |
| - Fixed Deposits | 300,000,000 | - |
| | 302,679,103 | 1,729,801 |
| SCHEDULE 9 | | |
| LOANS AND ADVANCES (Unsecured, Considered good) | | |
| a. Advances / Income Recoverable in Cash or in Kind or for Value to be Received | 12,545,851 | 8,822,341 |
| b. Advance Payment against Taxes | 2,451,735 | 1,884,123 |
| c. Deposits | 1,597,205 | 1,422,333 |
| | 16,594,791 | 12,128,797 |
| Amounts due from Directors | NIL | NIL |
| Maximum amount due from Directors during the year | NIL | NIL |

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY SCHEDULES FORMING PART OF THE ACCOUNTS

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| SCHEDULE 10 | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| a. Current Liabilities | | | |
| Sundry Creditors | 149,211,386 | | 124,045,659 |
| Advance Payments and Unexpired Discounts | 11,030,894 | | 9,030,827 |
| Interest Accrued but not Due on Secured Loans | 650,685 | | 725,049 |
| Other Liabilities | 5,725,552 | | 2,065,380 |
| Investor Education and Protection Fund | | | |
| Unclaimed application money for allotment of Fully Convertible Debentures and Deep Discount Bond | 84,855 | | 84,855 |
| | | 166,703,372 | 135,951,770 |
| b. Provisions | | | |
| Provision for Taxes | 38,496 | | 11,673 |
| Provision for Performance Related Play | 14,000,000 | | - |
| Provision for Retirement Benefits (See note 1(i) of Schedule 16) | 1,422,739 | 15,461,235 | 1,487,704 |
| | | 182,164,607 | 137,451,147 |

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

| | As At March 31, 2006 Rupees | As At March 31, 2006 Rupees | As At March 31, 2005 Rupees |
|--|--|--|--|
| SCHEDULE 11 | | | |
| MISCELLANEOUS EXPENDITURE | | | |
| (To the extent not written off or adjusted) | | | |
| a. Preliminary Expenses | | | |
| Balance brought forward | 647,790 | | 1,405,621 |
| Less: Amount charged to Profit & Loss Account | 647,790 | | 757,831 |
| | <u> </u> | - | <u> </u> |
| | | | 647,790 |
| b. Expenses Incurred on Public issue of Fully Convertible Debentures and Deep Discount Bonds | | | |
| Balance brought forward | 7,017,094 | | 15,226,194 |
| Less: Amount charged to Profit & Loss Account | 7,017,094 | | 8,209,100 |
| | <u> </u> | - | <u> </u> |
| | | | 7,017,094 |
| c. Deferred Revenue Expenses (See Note 2(i) of Schedule 16) | | | |
| Balance brought forward | 5,302,810 | | 11,506,422 |
| Less: Amount charged to Profit & Loss Account | 5,302,810 | | 6,203,612 |
| | <u> </u> | - | <u> </u> |
| | | | 5,302,810 |
| d. Ancillary Cost inconnection with arrangement of borrowings for DDBs (See Note 2(i) of Schedule 16) | | | |
| Balance broght forward | | | |
| Add : Amount incurred during the year (see note 2 (k) of Schedule 16) | 124,313,383 | | |
| Less : Amount charged to Profit & Loss Account | 12,431,338 | | |
| | <u> </u> | - | <u> </u> |
| | | 111,882,045 | - |
| | | <u> </u> | <u> </u> |
| | | 111,882,045 | 12,967,694 |

Consolidated Accounts

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

| | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2005 Rupees |
|--|---|---|---|
| <u>SCHEDULE 12</u> | | | |
| INCOME FROM OPERATIONS | | | |
| Toll Revenue | | 330,749,134 | 270,416,048 |
| License Fee (Space for Advertisement) | | | |
| Noida Side | 33,742,156 | | 29,908,098 |
| Delhi Side (Net of License Fees paid to MCD) | 25,541,843 | | 5,576,727 |
| | 59,283,999 | | - |
| | | 390,033,133 | 305,900,873 |
| <u>SCHEDULE 13</u> | | | |
| OTHER INCOME | | | |
| Profit on Sale of Units of Mutual Fund | | 3,947,265 | 7,670,629 |
| Exchange Rate Fluctuation | | 7,966,082 | - |
| Miscellaneous Income | | 4,797,341 | 3,791,202 |
| | | 16,710,688 | 11,461,831 |

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
SCHEDULES FORMING PART OF THE ACCOUNTS**

| | For the Year ended March 31, 2006 Rupees | For the Year ended March 31, 2005 Rupees |
|--|---|---|
| SCHEDULE 14 | | |
| OPERATING AND ADMINISTRATION EXPENSES | | |
| Salaries, Wages and Bonus (includes a provision of Rs. 140 lacs towards Performance Related Pay) | 36,415,959 | 19,209,238 |
| Contribution to Provident and Other Funds | 1,107,949 | 1,723,867 |
| Staff Welfare Expenses | 2,195,168 | 1,775,804 |
| Fees Paid to O & M Contractor | 33,015,978 | 29,611,227 |
| Consumption of Cards and On Board Unit | 1,424,825 | 1,263,522 |
| Legal & Professional Charges | 15,452,118 | 13,404,735 |
| Agency Fees | 2,255,046 | 2,372,432 |
| Insurance Expenses | 6,391,869 | 6,158,474 |
| Travelling and Conveyance | 5,104,657 | 4,303,457 |
| Advertisement and Business Promotion Expenses | 1,899,008 | 3,177,330 |
| Rent | 951,194 | 420,000 |
| Repair & Maintenance - Building | 886,698 | 1,863,585 |
| Repair & Maintenance - Others | 1,718,271 | 1,387,539 |
| Telephone, Fax and Postage | 1,700,466 | 1,273,751 |
| Electricity Expenses | 2,029,031 | 571,046 |
| Rates and Taxes | 3,114,156 | 435,865 |
| Director's Sitting Fees | 478,000 | 140,000 |
| Loss on Sale of Fixed Assets | (11,460) | 139,541 |
| Development Right Expenses | - | 201,754 |
| Printing and Stationery | 1,296,868 | 920,635 |
| Other Expenses | 1,228,730 | 947,044 |
| | 118,654,531 | 91,300,846 |
| SCHEDULE 15 | | |
| FINANCE CHARGES | | |
| Interest on Deep Discount Bonds | (5,040,067) | 134,625,060 |
| Interest on Term Loan | 195,253,818 | 191,663,546 |
| Amortisation of Zero Coupon Bond Series B | 32,664,127 | 29,615,900 |
| Other Finance Charges | 9,667,158 | 17,690,975 |
| | 232,545,036 | 373,595,481 |

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 16 : NOTES FORMING PART OF THE ACCOUNTS

(1) **Significant Accounting Policies**

(a) **Principles of Consolidation**

- (i) The Consolidated Financial Statements present the Consolidated Accounts of Noida Toll Bridge Co Ltd (Company) and it's wholly owned Subsidiary DND Flyway Ltd (the "Group".)
- (ii) The financial statements of the Group have been consolidated on a line-by-line basis to the extent possible after eliminating intra-group balances, intra-group transactions and unrealized profits in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (iii) The land subleased to DND Flyway Limited by Noida Toll Bridge Company Limited have been classified as fixed assets in the Consolidated Financial Statements.

(b) **Basis of Accounting**

The financial statements of the Group have been prepared under the historical cost convention, on the accrual basis of accounting.

(c) **Fixed Assets**

Fixed assets include the Delhi Noida Link Bridge and Ashram Flyover which are stated at original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Expenses incurred on the Delhi Noida Link Bridge include direct and indirect expenses incurred for procurement/ construction of land and buildings, roads, bridges, culverts, plant and machinery including toll plazas and other equipment and related expenses.

(d) **Revaluation of Fixed Assets**

Revalued assets are recorded at revalued amounts and the incremental values are shown as Revaluation Reserve. Revaluation Reserve is transferred to the General Reserve to the extent relatable to the assets disposed off.

(e) **Depreciation**

Depreciation is calculated on straight-line basis over the estimated useful life of the asset as follows :

| | |
|---|----------|
| Building | 62 years |
| Data Processing Equipment | 3 years |
| Office Equipment | 5 years |
| Vehicles | 5 years |
| Furniture & Fixtures | 7 years |
| Bridge | 62 years |
| Chain Link Fencing (Included in Bridge) | 15 years |
| Advertisement Structures (included in Bridge) | 5 years |

(f) **Financing Cost**

All Financing Costs in relation to borrowings made by the Company are recognised as an expense and are charged to revenue in the year in which these are incurred on a year to year basis based on contractual terms agreed with the Lenders.

(g) **Revenue Recognition**

The Company's revenue are recognized on accrual basis.

(h) **Inventories**

Inventories have been valued at cost or net realizable value whichever is lower. Cost is recognised on First In First Out basis.

(i) **Retirement Benefits**

The provision for gratuity as at the year end has been made based on an actuarial valuation funded by the Life Insurance Corporation of India.

The money value of unutilised leave due to the employees in terms of the service conditions is included under retirement benefits and is calculated on the basis of leave due to an employee as at the end of the year multiplied by salary as on 31st March.

- (j) **Investments**
Investments are valued at cost.
- (k) **Foreign Currency Transactions**
Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at year end.
- (l) **Miscellaneous Expenditure**
Miscellaneous expenditure is amortised over a period of five years from the date of commencement of commercial operations. Expenditure incurred in connection with restructuring of DDBs is amortised under straight line method over ten financial years commencing from FY 2005-06.
- (m) **Capitalisation of Borrowing Costs**
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 of the assets.
- (n) **Deferred Taxation**
Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence.
Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date.
- (o) **Earnings Per Share**
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
- (p) **Financial Lease**
Finance leases which effectively transfer to the company substantial risks and benefits incidental to ownership of the leased item, are capitalized and disclosed as leased assets. Finance charges payable on assets taken on financial lease are charged off to Profit & Loss Account.
- (q) **Securities Premium Account**
Difference between the issue price of GDRs and the face value of inherent equity shares has been recorded as Securities Premium. Share issue expenses is adjusted against the Securities Premium Account as permitted by Sec 78(2) of the Companies Act, 1956.
- (r) **Debenture Redemption Reserve**
Debenture Redemption Reserve (DRR) is created for redemption of the Deep Discount Bonds (DDBs) for an amount equal to the issue price of the DDBs by appropriating from the Profits of the year a sum calculated under sum of digits method, over the remaining life of the DDBs. The adequacy of DRR is reviewed by management at periodic intervals.
- (2) **NOTES ON ACCOUNTS :**
- (a) The financial Statements of the following Subsidiary Company have been consolidated as per Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India
- | Name of Subsidiary | Proportion of Ownership Interest |
|--------------------|----------------------------------|
| DND Flyway Limited | 100% |
- DND Flyway Limited (Subsidiary) is incorporated in India
- (b) **Fixed Assets :**
- (i) **Depreciation :**
The Company has obtained approval from the Department of Company Affairs vide its letter dated December 14, 2003 for not charging depreciation on the Delhi Noida Link Bridge for a three year period commencing from Financial Year 2003-04. Accordingly, depreciation on the Bridge has not been provided for during the current financial year. The Quantum of arrears of Depreciation for the years 2003-04, 2004-05 and 2005-06 amounts to Rs. 208,559,075/- which will be charged over the remaining useful life of the asset. The Company has during the year changed the method of providing for the depreciation from WDV method to Straight Line method in respect of assets (other than the Bridge) over the estimated life of the assets as disclosed in 2 (d) above the retrospective effect. Accordingly depreciation has been recalculated in accordance with the new method from the date of the asset coming into use.
As a result of this change, additional depreciation of Rs. 12,15,843 has been provided for which has resulted in under statement of profit for the year by the same amount.

Consolidated Accounts

(ii) Revaluation of Fixed Assets :

- Delhi Noida Link Bridge includes value of Land appurtenant to the Bridge on both sides of Delhi and Noida. The company had during the year 2003-04 carried out revaluation of Land for 34 acres on Noida side (original cost Rs. 5,719,849 and written down value Rs. 5,519,581 as on April 1, 2003) for which the value has been increased by Rs. 1,345,044,007.
- New Okhla Industrial Development Authority (NOIDA) has accorded in principle approval to grant Development Rights to the Company and formal agreement in this regard is pending execution. The terms and conditions of the formal agreement may impact land valuation.

(c) GDR Issue

With a view to deleverage the company and to meet the cost of Mayur Vihar Link, the company launched a Global Depository Receipts (GDR) in the UK market in the month of March 2006 to raise new equity capital. Accordingly the company issued 56,818,180 Equity Shares represented by 11,363,636 GDRs (each GDR representing 5 Ordinary Shares of Rs. 10 each) @ \$ 3.96/GDR through Collins Stewart Limited and Edelweiss Capital Limited to the Institutional Investors and raised \$ 44,999,998.56 (equivalent to INR 199,70,99,936). The company has granted Collins Stewart Limited an over allotment option of up to 10% of the total number of new ordinary shares issued to the Depository. The company has received \$ 4,499,997.48 (equivalent to INR 201,329,887) in April 2006 towards over allotment.

The proceeds of the issue have been utilised upto the date of financial statement as follows :

| | |
|---|-----------------|
| Share Issue Expenses (Inclusive of expenses of Rs. 54,834,131 incurred in foreign currency and deducted from the gross proceeds) | Rs. 117,174,848 |
| Repayment of Secured Loans due on 31.03.2006 | Rs. 501,480,339 |

Remaining proceeds will be utilised for :

- Prepayment of loans to Banks and Financial Institutions to reduce interest costs along with any agreed prepayment charges in FY 2006-07
- Funding the construction of the Mayur Vihar link to the Delhi Noida Toll Bridge provided all the required approvals are obtained in time. Pending such approval the company intends to use the funds for the prepayment of loans. In the event the required lease is granted the company would reborrow the funds required for the construction of Mayur Vihar Link.

(d) Debt Restructuring :

Pursuant to the approved Debt Restructuring package, the Company has issued

- Zero Coupon Bonds (ZCBs) (Series A) of face value of Rs. 100 each aggregating to Rs. 51.385 crores to Financial Institutions and others towards conversion of Term Loan. ZCBs aggregating to Rs. 25.693 crores were repaid on March 31, 2005 and the balance have been repaid on March 31, 2006 as per terms of Restructuring.
- Zero Coupon Bonds (Series B) of face value of Rs. 100 each aggregating to Rs. 55.5422 crores to Banks, Financial Institutions and others repayable no later than March 31, 2014 towards the Net Present Value of the sacrifice made by them by way of reduction of interest rates from the contracted terms. The Company is creating provision on a year to year basis on the principle of Sinking Fund by applying the weighted average interest rate on outstanding borrowings prior to restructuring as the discount rate and thereby arrive at the amount of the yearly charge. The Company has obtained confirmation from professional experts with respect to appropriateness of the Sinking Fund Method as well as the adequacy of the charge on a year to year basis to account for the liability towards the ZCBs in the books. Accordingly, the Profit and Loss account has been debited with Rs. 32,664,127 (Previous Year Rs. 29,615,900) being the required amount towards provision and the corresponding liability has been created under the head Secured Loans. The company has redeemed ZCBs (Series B) aggregating to Rs. 27,771,100/- during the year 2003-04 and the same has been adjusted against the face value of the Zero Coupon Bonds (Series B) issued by the Company.
- The company has repaid Terms Loans to the Banks aggregating to Rs. 48.9111 crores in the two Financial Years ending March 31, 2005 and 2006 as per terms of restructuring.

(e) Capitalisation of the Delhi Noida Link Bridge :

Pending receipt of the final bill from the EPC contractor, for expenses incurred on the project, Company had, based on an estimate of balance work done as certified by the Project Engineer, capitalised the same at an estimated cost of Rs. 37.12 million.

Both parties to the contract have referred some of the disputes to arbitration. Cost of the project will be revised based on receipt of the contractor's final bill, and on settlement of arbitration proceedings. The extent of such adjustments, if any cannot be determined at this stage.

(f) **Secured Loans :**

- (i) Deep Discount Bonds are secured by a pari passu first charge in favour of the trustees along with the other senior lenders of the Company on all the project assets which include the Delhi Noida Link Bridge and all tangible and intangible assets including but not limited to rights over the project site, project documents, financial assets such as receivables, cash, investments, insurance proceeds etc. (See note 3(k))
- (ii) The Company had issued Series A Zero Coupon Bonds of Rs. 100 each for an aggregate amount of Rs. 513,850,000 to be repaid in two equal installments on March 31, 2005 and 2006 as per terms of Restructuring approved by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions on October 29, 2002. These Zero Coupon Bonds are secured by pari passu first charge on the Company's assets both present and future. Both the installments have been repaid on due dates. The company after obtaining no dues certificate from the Financial Institutions will send the same to the Trustees for release of the charge.
- (iii) The Company has issued Series B Zero Coupon Bonds of Rs. 100 each for an aggregate amount of Rs. 555,422,000 to Banks and Financial Institutions against the sacrifice made by them by way of reduction of interest rates from the contracted terms pursuant to the approval of the Companies debt restructuring package by the Corporate Debt Restructuring Empowered Group of the Banks and Financial Institutions. These Zero Coupon Bonds are secured by pari passu first charge on the Company's assets both present and future.
- (iv) The loan of Rs. 350 mn raised during the year 2004-05 is secured by pari passu first charge on the Company's assets both present and future alongwith the other Senior Lenders of the Company.
- (v) The Company has during the current year taken a Loan of Rs. 124.3 million from M/s. IL&FS Ltd. which is secured by pari passu first charge on the Company's assets both present and future. The Company is in the process of creation of the charge.
- (vi) Consequent to the exercise of the Opinion-II by the Deep Discount Bond holders holding 52,087 DDBs as per the Scheme of Arrangement approved by Honorable Allahabad High Court, the Take out Lenders i.e. M/s infrastructure Leasing & Financial Services Ltd. (IL&FS) and M/s. Infrastructure Development Finance Company Ltd. (IDFC) have purchased the Bonds as per the rates provided in the Scheme on February 27, 2006 and have converted the same along with 37,098 DDBs purchased on the first Take Out date on November 3, 2004 into Term Loan forthwith carrying interest @ 8.5% p.a. The Loan is secured by pari passu first charge on the company's assets both present and future along with the other Senior Lenders of the company.
- (vii) Term loans from banks, financial institutions and others are secured by a charge on:
 - Immovable properties of the Company situated in the states of Delhi and Uttar Pradesh.
 - The whole of the movable properties of the Company, both present and future.
 - All the Company's book debts, receivables, revenues of whatsoever nature and wheresoever arising, both present and future.
 - All the rights, titles, interest, benefits, claims and demands whatsoever of the Company under any agreements entered into by the Company in relation to the project including consents, agreements or any other documents entered into or to be entered into by the Company pertaining to the project, as amended, varied or supplemented from time to time.
 - All the rights, titles, interest of the Company in and relation to the Trust & Retention account proceeds, being the bank account established by the Company for crediting all the revenues from the project including but not limited to toll collections from the project.
 - All the rights, titles, interest benefits, claims and demands whatsoever of the Company in the Government permits, authorizations, approvals, no objections, licenses pertaining to the project and to any claims or proceeds arising in relation to or under the insurance policies taken out by the Company pertaining to the assets of the projects of the Company.

(g) **Contingent Liabilities :**

| (a) <u>Contingent Liabilities in respect of:</u> | <u>As at March 31, 2006 Rs./Million</u> | <u>As at March 31, 2005 Rs./Million</u> |
|--|---|---|
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid against such contracts Rs. 4.87 million (Previous year Rs. Nil)) | 7.67 | 6.89 |
| (ii) Claims not acknowledged as debt by the Company. | NIL | 33.20 |
| (iii) Based on an environment and social assessment, compensation for rehabilitation and resettlement of project affected persons has been estimated and considered as part of the project cost and provided for based on estimates made by the Company. | | |

Consolidated Accounts

- (iv) Claims made by the Contractor aggregating to Rs. 251.26 million (Previous year Rs. 251.26 million) have not been accepted by the Company and both parties have referred the matter to arbitration in accordance with the contractual arrangements.
- (v) Claims made by the contractor pertaining to the Construction of the Ashram Flyover aggregating to Rs. 19.82 million (Previous Year NIL) have not been accepted by the Company. The matter was referred for adjudication by both parties. The adjudication proceeding has been concluded and the adjudicator has ruled that the claims are time barred. However, the matter can be referred to arbitration.

(h) Debt Restructuring in respect of Deep Discount Bonds :

The Company raised Rs. 500 million through a public issue of 1,00,000 Deep Discount Bonds (DDBs) in November 1999 with a issue price of Rs. 5,000 each and having an effective annual interest rate of 14.67%. Each DDB was stated to have a face value of Rs. 45,000 per bond in November 2015 (the maturity value of all the DDBs being Rs. 4,500 million in aggregate).

The DDBs are secured by a pari passu first charge in favour of the trustees along with the other senior lenders of the Company on all the project assets which include the Delhi Noida Toll Bridge and all tangible and intangible assets including but not limited to rights over the project site, project documents, financial assets such as receivables, cash, investments, insurance proceeds and so forth.

Pursuant to a "take-out" financing arrangement made by the Company with IDFC an IL&FS, the holders of the DDBs were given the option to sell the DDBs to IDFC (60%) / IL&FS (40%) at predetermined prices of Rs. 9,500 per bond at the end of 5th year i.e. November 2004 (at a yield of 13.70% per annum) and Rs. 16,500 per bond at the end of the 9th year i.e. November 2008 (at a yield of 14.19% per annum)

The Company approached the CDR Empowered Group in January 2004 for restructuring of the DDBs. The CDR Empowered Group at its meeting held in February 2004 approved the Company's proposal and the same was communicated in their letter dated 17 May, 2004. The said proposal was consented to by a majority of 54% of the DDB holders (by value).

Scheme of Arrangement

The Company filed a Scheme of Arrangement (Scheme) under section 391-393 of the Act with the Honorable High Court of Judicature at Allahabad in July 2004 for approval of the debt restructuring package as approved by the CDR Empowered Group under the CDR Scheme to give a statutory and binding force to the restructuring of the DDBs.

Under the Scheme of Arrangement with respect to restructuring of the DDBs, the Company was to provide to every DDB Holder an option to either reschedule the contracted annual yield (i.e. the interest rate) and also vary the terms and conditions in respect thereof with effect from the Appointed Date ("Appointed Date" to mean 1 April, 2002) in the manner specified in Option-I or an exit option in the manner specified under Option-II, hereunder.

The details of the options are as follows:

- (a) Option-I: DDB Holders electing this would be entitled to the following: (i) contracted rate of interest i.e. at 13.6974% per annum until 31 March, 2002 and thereafter the effective yield to be reduced to 8.5% per annum; (ii) the date of maturity for the DDB will be 3 November, 2015 and the maturity value per DDB calculated at the revised interest would be Rs. 20,715 per bond (subject to deduction of tax, if applicable); (iii) the Company to have a right to call/purchase DDBs from the DDB Holders at any time after the Effective Date (24 November, 2005 i.e. the date on which the certified copy of the order of the High Court sanctioning the Scheme was filed with the ROC, Uttar Pradesh) with interest calculated at the rate of 13.697% per annum until 31 March, 2002 and at 8.5% per annum thereafter up to the date of such payment; (iv) the DDBs will have no credit enhancement and the Take-Out Obligations of the Take-Out Lenders will not be exercisable.
- (b) Option-II: DDB Holders who are not willing to accept the revised terms and conditions as set out in Option-I above will be entitled to encash the DDBs by submitting them to the Take-Out Lenders for the take out offer at a predetermined price of Rs. 9,500 per DDB (subject to deduction of tax, if applicable) on the take out date i.e. 3 November, 2004 plus an interest at the rate of 8.5% for delay, if any, thereafter up to the date of payment.

Under the Scheme of Arrangement, the Company had to send letters to the DDB holders to exercise the options, immediately after the record date and in any case within 15 days therefrom. If a DDB holder did not exercise the option within 21 days, the DDB holder would be deemed to have exercised Option-II. Payments are to be made to the DDB holders, within a period of 60 days of the record date, fixed by the Company for this purpose, subject to applicable terms and conditions, laws and regulations.

The Scheme was approved by the High Court on 24 October, 2005 and the Company has completed implementation of the Scheme. The Scheme as approved by the Honorable High Court has an overriding effect over the terms of the offer document through which the DDBs were offered including but not limited to the procedure mentioned therein for effecting the take out offer.

The Company had fixed 30 December, 2005 as the record date to determine the DDB holders who were entitled to receive option letters for implementation of aforesaid scheme and 28 February, 2006 as the date of payment. The Company sent letters to the DDB holders and the last date for exercise of options by the DDB holders was 7 February, 2006.

Status of DDBs

As on 7 February, 2006, a total of 142 DDB holders have exercised Option-I, (amounting to 10,815 DDBs) and 1,837 DDB holders have exercised or have, by default, fallen under Option-II, (amounting to 52,087 DDBs). In terms of the Scheme of Arrangement, all the rights attached to the DDBs, in relation to which the DDB holders who have exercised their options or have, by default, fallen under Option-II, have been extinguished with effect from the payment date, i.e. 28 February, 2006.

As per the takeout schedule specified in the terms and conditions of the offer document in terms of which the Company had offered the DDBs, the DDB holders holding 37,098 DDBs exercised Put Option on the take out date i.e. on 3 November, 2004. These have not been considered for the Take-out option, but have been extinguished as on 28 February, 2006.

The Company has recompensed IL&FS Rs 124.3 million towards the cost incurred for the completion of the DDB restructuring.

(i) **Miscellaneous Expenditures :**

Deferred revenue expenses includes i) Expenses not relating to the construction of the bridge during the preoperative period and include marketing expenses, expenses on secretarial matters, etc. and ii) Expenses incurred in connection with Restructuring of Deep Discount Bonds.

(j) **Effect of change in Foreign Exchange Rates :**

Net foreign exchange gain of Rs. 539,916 (Previous year gain Rs. 203,532) has been adjusted against capitalisation of Fixed Assets during the year.

(k) **List of Related parties and Transactions / Outstanding Balances :**

(i) **Company holding substantial interest in voting power of the Company :**

Infrastructure Leasing & Financial Services Ltd.

| Transactions/ Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|------------------------------------|--|--|
| Expenditure on other service | 1,205,766 | 485,227 |
| Miscellaneous written off | 12,431,338 | - |
| Agency Fees | 4,491,267 | 7,949,564 |
| Interest on Term Loan | 92,527,278 | 66,671,691 |
| Recoverable as at the year end | 139,514 | 2,353,180 |
| Payable as at the year end | 193,336 | 1,744,281 |
| Equity as at the year end | 41,000,070 | 360,000,070 |
| Deep Discount Bonds | Nil | 156,082,914 |
| Term Loan as at the year end | 1,152,041,907 | 650,000,000 |
| Zero Coupon Bonds (Series A) | Nil | 150,000,000 |
| Zero Coupon Bonds (Series B) | 171,000,000 | 171,000,000 |
| Funded Interest | 43,536,987 | 43,536,987 |

(ii) **Enterprise which is controlled by the Company**

DND Flyway Ltd.

| Transactions / Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|-------------------------------------|--|--|
| Investment in Equity Shares. | 500,00 | 500,00 |
| Receivable as at the year end | 1,034,841,881 | 1,034,841,881 |

(iii) **Key Management Personnel :**

Mr. Pradeep Puri (President & CEO)

Ms Monisha Macedo (Manager)

| Transactions/ Outstanding balances | Year ended March 31, 2006 Rupees | Year ended March 31, 2005 Rupees |
|---------------------------------------|--|--|
| Vehicle Loan as at the year end | 39,028 | 87,857 |
| House Renovation Loan at the year end | 123,982 | 163,288 |
| Remuneration paid | 13,245,562 | 10,930,143 |

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(l) **Lease obligations:**

The company had taken one vehicle under finance lease, reconciliation of minimum lease payments and their present value is as under:

| | Minimum Lease Payment (Rupees) | Present value of Minimum Lease Payments (Rupees) | Lease Charges (Rupees) |
|--|-----------------------------------|--|---------------------------|
| Amount paid upto 31/3/2006 | 1,489,026 | 1,306,116 | 182,910 |
| Amount payable not later than one year | 278,275 | 272,973 | 5,302 |
| Amount payable later than one year but not later than five years | NIL | NIL | NIL |
| Total | 1,767,301 | 1,579,089 | 188,212 |
| Previous Year | 1,767,301 | 1,579,089 | 188,212 |

The total cost of the vehicle and its carrying amount as at 31.3.2006 is Rs. 1,646,334 (Previous Year Rs. 1,646,334) and Rs. 658,534 (Previous Year Rs. 1,001,143) respectively

(m) **Earning/ (Loss) Per Share :**

| | <u>Year ended March 31, 2006</u> | <u>Year ended March 31, 2005</u> |
|---|--------------------------------------|--------------------------------------|
| I. BASIC Profit/(Loss) PER SHARE | | |
| A. Number of Equity shares of Rs. 10 each fully paid up at the beginning of the year | 122,400,007 | 122,400,007 |
| B. Number of Equity shares of Rs. 10 each fully paid up at the year end | 180,413,187 | 122,400,007 |
| C. Weighted Average number of Equity Shares outstanding during the period | 124,735,645 | 122,400,007 |
| D. Net Profit / (Loss) for the Period | Rs. 26,024,464. | Rs. (164,982,827) |
| E Basic Profit/(Loss) per Share | Rs. 0.21 | Rs. (1.35) |
| II. DILUTED Profit/ (Loss) PER SHARE | | |
| F. Weighted Average number of Equity Shares Outstanding during the period | 124,735,645 | 122,400,007 |
| G. Number of potential Equity Shares of Rs. 10 each after option under ESOP is exercised | 100,000 | Nil |
| H. Weighted Average number of Equity Shares after option under ESOP is exercised | 72,329 | Nil |
| I. Number of potential Equity shares of Rs 10 each after Green Shoe option under GDR is exercised | 5,681,815 | Nil |
| J. Weighted Average number of Equity Shares after Green Shoe option under GDR is exercised | 171,233 | Nil |
| K. Total number of potential Equity Shares(F+H+J) | 124,979,207 | 122,400,007 |
| L. Net Profit/ (Loss) for the period | 26,024,464 | (164,982,827) |
| M. Diluted Profit/(Loss) | 26,080,188 | (164,982,827) |
| N Diluted Profit/(Loss) per share | 0.21 | (1.35) |
| O. Nominal value of Equity Share | Rs. 10.00 | Rs.10.00 |

(n) **Previous Year's Comparatives :**

Figures for the previous year have been regrouped / reclassified to conform to current year's presentation. Figures in brackets represent negative balance except otherwise stated.

(o) **Additional disclosures :**

Additional statutory information disclosed in separate financial statements of the Company and the Subsidiary having no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statement in view of the Accounting Standard Interpretation (ASI 15) issued by Institute of Chartered Accountants of India.

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida
May 01, 2006

Consolidated Accounts

NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of amendment to Schedule VI Part IV)

I Registration Details

| | | | | | |
|--------------------|---|----------------|------------|---|----|
| Registration No. | : | 20-19759 | State Code | : | 20 |
| Balance Sheet Date | : | 31 March, 2006 | | | |

II Capital Raised during the Year (Amount in Rs. Thousands)

| | | | | | |
|--------------|---|-----|------------------------------|---|--------|
| Public Issue | : | NIL | Right Issue | : | NIL |
| Bonus Issue | : | NIL | Private Placement (GDR/ESOP) | : | 580132 |

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | | | |
|-------------------|---|---------|--------------|---|---------|
| Total Liabilities | : | 7697088 | Total Assets | : | 7697088 |
|-------------------|---|---------|--------------|---|---------|

Source of Funds

| | | | | | |
|-----------------|---|---------|---------------------|---|---------|
| Paid-up Capital | : | 1804132 | Reserve and Surplus | : | 2657770 |
| Secured Loans | : | 3235186 | Unsecured Loans | : | NIL |

Application of Funds

| | | | | | |
|---|---|---------|-------------|---|---------|
| Net Fixed Assets (including Capital Workin-progress) | : | 5065671 | Investments | : | 1231500 |
|---|---|---------|-------------|---|---------|

| | | | | | |
|--------------------|---|---------|-------------------|---|--------|
| Net Current Assets | : | 145309 | Misc. Expenditure | : | 111882 |
| Accumulated Losses | : | 1142736 | | | |

IV Performance of the Company (Amount in Rs. Thousands)

| | | | | | |
|-------------------------|---|--------|-------------------|---|--------|
| Turnover & Other Income | : | 406744 | Total Expenditure | : | 379941 |
|-------------------------|---|--------|-------------------|---|--------|

| | | | | | |
|------------------------|---|--------|-----------------------|---|--------|
| Profit/Loss before Tax | : | -26803 | Profit/Loss after Tax | : | -26024 |
|------------------------|---|--------|-----------------------|---|--------|

| | | | | | |
|--------------------------|---|------|-----------------|---|-----|
| Earning per Share in Rs. | : | 0.21 | Dividend rate % | : | N/A |
|--------------------------|---|------|-----------------|---|-----|

V Generic Names of three Principal Products/Services of the Company (as per monetary terms)

| | |
|--------------------------|-----|
| Item Code No. (ITC Code) | NIL |
|--------------------------|-----|

| | |
|---------------------|---|
| Product Description | The Company has been set up for the purpose of construction & operation of Delhi Noida Link Bridge Project on Build, Operate, Own & Transfer (BOOT) system. |
|---------------------|---|

For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida
May 1, 2006

**NOIDA TOLL BRIDGE COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2006**

| | Year ended 31 March, 2006 Rupees | Year ended 31 March, 2005 Rupees |
|--|--|--|
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit/(Loss) for the year | 26,024,464 | (165,042,245) |
| Adjustments For : | | |
| Depreciation | 3,342,017 | 2,338,079 |
| Miscellaneous Expenditure Written off | 24,751,242 | 14,412,712 |
| Preliminary Expenses Written off | 647,790 | 757,831 |
| Finance Charges | 232,545,036 | 373,595,481 |
| Loss on Sale of Assets | (11,460) | 139,541 |
| Other Income | (3,947,265) | (7,670,629) |
| Exchange Rate Fluctuation | (7,966,082) | - |
| | <u>275,385,742</u> | <u>218,530,770</u> |
| Adjustments for Movement in Working Capital: | | |
| Decrease / (Increase) in Sundry Debtors | (1,649,966) | (3,953,554) |
| Decrease / (Increase) in Inventories | 482,137 | (314,131) |
| Decrease / (Increase) in Loans and Advances | (4,465,994) | 9,945,658 |
| Increase / (Decrease) in Current Liabilities | 44,787,824 | 8,458,785 |
| Cash From/(Used In) Operating activities | <u>314,539,743</u> | <u>232,667,528</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| (Purchase) / Addition to Fixed Assets | (16,745,571) | (26,997,550) |
| Proceeds from Sale of Fixed Assets | 504,163 | 98,585 |
| Gain/(Loss) on Sale of Units of Mutual Funds | 3,947,265 | 7,670,629 |
| Cash From/(Used In) Investing Activities | <u>(12,294,143)</u> | <u>(19,228,336)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Share Capital | 2,017,016,018 | - |
| Share issue Expenses | (117,174,848) | - |
| Term loans from Banks, Financial Institutions and Others | - | 350,000,000 |
| Repayment of Term Loan to Banks, Financial Institutions and Others | (501,480,339) | (501,480,339) |
| Interest and Finance Charges Paid | (204,917,258) | (156,675,339) |
| Cash From/(Used In) Financing Activities | <u>1,193,443,573</u> | <u>(308,155,678)</u> |
| Net Increase /Decrease in Cash and Cash Equivalents | <u>1,495,689,173</u> | <u>(94,716,486)</u> |
| Cash and Cash Equivalents as at 1 April, 2005 | 38,489,930 | 133,206,416 |
| Cash and Cash Equivalents as at 31 March, 2006 | <u>1,534,179,103</u> | <u>38,489,930</u> |
| Components of Cash and Cash Equivalents as at: | 31 March, 2006 | 31 March, 2005 |
| Cash in hand | 142,108 | 49,108 |
| Balances with the scheduled banks: | | |
| - In Current accounts | 2,536,995 | 1,680,693 |
| - In Deposit accounts | 300,000,000 | - |
| Short Term Investments (Maturity less than 3 months) | 1,231,500,000 | 36,760,129 |
| | <u>1,534,179,103</u> | <u>38,489,930</u> |

**For and on behalf of
NOIDA TOLL BRIDGE COMPANY LIMITED**

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CEO
Noida
May 01, 2006

Monisha Macedo
Manager and
Company Secretary

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Noida Toll Bridge Company Limited and its Subsidiary Company derived from the audited financial statements of the Company for the year ended 31 March, 2006 and found the statement to be in accordance therewith and also with the requirements of clause 32 of the listing agreement with the Stock exchanges.

For LUTHRA & LUTHRA
Chartered Accountants

Noida
May 01, 2006

Amit Luthra
Partner

AUDITOR'S REPORT

To The Board of Directors
NOIDA TOLL BRIDGE COMPANY LIMITED
Toll Plaza, DND Flyway, Noida 201301

We have audited the attached equity reconciliation of Noida Toll Bridge Company Limited and its subsidiary as at 31st March, 2006 and the reconciliation of income statement for the year ended on that date and related notes. These reconciliations have been prepared on the basis of audited consolidated financial statements of NTBCL prepared in accordance with Indian GAAP and IFRS for the year ended on 31st March, 2006.

Responsibilities

The company's management is responsible for preparing the reconciliation of equity and reconciliation of income statement based on the financial statement on the basis of audited consolidated financial statements prepared under Indian GAAP and IFRS.

Our responsibility is to audit the reconciliation of equity and reconciliation of income statement in accordance with the International standards of auditing issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members and directors and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. Based on our audit we shall report to you our opinion as to whether the reconciliations give a true and fair view.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the reconciliation statements to be audited.

Opinion

In our opinion: the reconciliation of equity as at 31st March, 2006 and reconciliation of income statement for the year ended on that date gives a true and fair view of the effect of transition to IFRS.

For **LUTHRA & LUTHRA**
Chartered Accountants

Place : Noida
Date : 19 July, 2006

VISHAL GUPTA
Partner
(Membership No. 98796)

RECONCILIATION OF EQUITY AT 31 March 2006

| | Explanatory Notes | INDIAN GAAP US (\$) | Effect of transition to IFRS US (\$) | IFRS US (\$) |
|---|-------------------|---------------------|--------------------------------------|--------------------|
| Property, plant and equipment | 1 | 113,221,479 | (112,951,537) | 269,942 |
| Capital Work in Progress | 2 | 333,121 | (223,984) | 109,137 |
| Intangible asset | 3 | – | 110,876,142 | 110,876,142 |
| Employee Benefit | 4 | – | 25,731 | 25,731 |
| Deferred Revenue Expenditure | 5 | 2,508,004 | (2,508,004) | – |
| Loans & Advances | | 58,193 | – | 58,193 |
| Total Non Current Assets | | 116,120,797 | (4,781,652) | 111,339,145 |
| Inventories | | 6,196 | – | 6,196 |
| Trade receivables | | 177,617 | – | 177,617 |
| Loans & Advances | | 249,924 | – | 249,924 |
| Prepayments | | 63,878 | – | 63,878 |
| Available for Sale Investments | 6 | 27,605,918 | 39,328 | 27,645,246 |
| Cash and Cash Equivalents | | 6,785,006 | – | 6,785,006 |
| Total Current Assets | | 34,888,539 | 39,328 | 34,927,867 |
| Total Assets | | 151,009,336 | (4,742,324) | 146,267,012 |
| Interest bearing loans and borrowings | 7 | 70,845,901 | 3,785,806 | 74,631,707 |
| Provisions | 8 | | 895,053 | 895,053 |
| Total Non Current Liabilities | | 70,845,901 | 4,680,859 | 75,526,760 |
| Interest bearing secured loans and borrowings | 7 | 1,675,631 | (159,052) | 1,516,579 |
| Trade and other payables | | 3,736,906 | – | 3,736,906 |
| Provisions | | 345,724 | – | 345,724 |
| Provisions for Taxes | | 863 | – | 863 |
| Total Current Liabilities | | 5,759,124 | (159,052) | 5,600,072 |
| Total Liabilities | | 76,605,025 | 4,521,807 | 81,126,832 |
| Total Assets Less Total Liabilities | | 74,404,311 | (9,264,131) | 65,140,180 |
| Issued capital | | 41,126,787 | – | 41,126,787 |
| Securities Premium | 9 | 29,404,692 | 128,313 | 29,533,005 |
| Stock Option Account | 9 | – | 10,738 | 10,738 |
| Net unrealised gains on available for sale financial securities | 6 | – | 39,328 | 39,328 |
| Debenture Redemption Reserve | | 22,039 | – | 22,039 |
| General Reserve | 9 | | 11,274 | 11,274 |
| Reserve on Revaluation of Assets | 10 | 30,151,177 | (30,151,177) | |
| Effect of Currency Translation | | (684,468) | (175,746) | (860,214) |
| Retained earnings (Profit & Loss A/c) | | (25,615,916) | (20,873,139) | (4,742,777) |
| Total Equity | | 74,404,311 | (9,264,131) | 65,140,180 |

Explanatory Notes to the reconciliation:

1. Costs of US \$ 112,422,639 pertaining to the Delhi Noida Toll Bridge, previously capitalised under the PPE model, revaluation of land and accumulated depreciation have been derecognised on adoption of IFRIC D 14 *Service Concession Arrangements - The Intangible Asset Model*. In addition US \$ 528,897 of advertising structures, previously capitalised under the Indian GAAP has been expensed on adoption of the same draft interpretation.
2. Capital Work in Progress of US \$ 223,984 previously capitalised under Indian GAAP has now been analysed as revenue nature and hence been expensed through the retained earnings/ income statement.
3. Intangible Asset of US \$ 110,876,142 is the net book value of the Delhi Noida Toll Bridge as at 31 March 2006. The Bridge is being amortised on a straight-line basis over the estimated useful life of the intangible asset as per the provisions of IFRIC D 14 *Service Concession Arrangements - The Intangible Asset Model*.
4. As of 31 March 2002, the Group had adopted IAS 19, *Employee Benefits*. As a result, additional disclosures are made providing information about trends in the assets and liabilities in the defined benefit plan Gratuity and the assumptions underlying the components of the defined benefit cost.
5. The amount of US \$ 2,508,004 relating to ancillary cost of restructuring scheme of DDBs has been written off as the corresponding term loan has been restated to amortised cost using the effective interest rate method under IAS 39, *Financial Instruments - Recognition and Measurement*.
6. Quoted investments measured at cost under Indian GAAP have been *classified as available-for-sale* financial assets under IAS 39, *Financial Instruments - Recognition and Measurement* and remeasured at fair value. Changes in the fair value of these financial assets are recognised directly in equity through the statement of changes in equity.
7. Interest-bearing loans and borrowings have been restated to amortised cost using the effective interest rate method under IAS 39, *Financial Instruments - Recognition and Measurement* with the discount being accreted through the Profit and Loss account.
8. The Group has recognised a provision for road resurfacing upon adoption of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model*. The provision for the first resurfacing, which is due in year ended 31 March 2009, is being built up in accordance with the provisions of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.
9. Stock Option expense has been recognised with a corresponding entry to equity over the vesting period of the Option under *IFRS 2, Share-based Payments*. Stock Option Account relating to options exercised has been transferred to Securities Premium Account. Stock Option Account relating to options lapsed has been transferred to General Reserve.
10. Under Indian GAAP, Property, Plant & Equipment had been revalued. This Revaluation Reserve pertaining to land received under the Concession Agreement has been reversed on the adoption of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model* as the Delhi Noida Toll Bridge is being accounted for as an intangible asset.

In terms of our report of even date

On behalf of the Board of Directors

For LUTHRA & LUTHRA
Chartered Accountants

Vishal Gupta
Partner

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida, U.P.
Date: 19 July, 2006.

RECONCILIATION OF INCOME STATEMENT FOR THE YEAR ENDED 31 March 2006

| | Explanatory Notes | INDIAN GAAP US (\$) | Effect of transition to IFRS US (\$) | IFRS US (\$) |
|---|-------------------|---------------------|--------------------------------------|--------------------|
| Toll Revenue | | 7,469,493 | – | 7,469,493 |
| License Fee | | 1,338,844 | – | 1,338,844 |
| Other Income | | 108,341 | – | 108,341 |
| Total Income | | 8,916,678 | – | 8,916,678 |
| Operating and Administrative Expenses | | | | |
| - Operating Expenses | 1 | 1,023,863 | 281,032 | 1,304,895 |
| - Administrative Expenses | 2 | 1,655,779 | 67,683 | 1,723,462 |
| - Depreciation | 3 | 75,475 | (24,969) | 50,506 |
| - Amortisation | 4 | – | 1,722,347 | 1,722,347 |
| - Miscellaneous Expenditure Written Off | 5 | 573,601 | (573,601) | – |
| Total of Operating and Administrative Expenses | | 3,328,718 | 1,472,492 | 4,801,210 |
| Group Operating Profit from Continuing Operations | | 5,587,960 | (1,472,492) | 4,115,468 |
| Finance Income | | | | |
| - Profit on Sale of Investments | | 89,143 | – | 89,143 |
| Finance Charges | 6 | (5,251,695) | (4,531,658) | (9,783,353) |
| Exchange Fluctuation Gain | | 179,902 | | 179,902 |
| | | (4,982,650) | (4,531,658) | (9,514,308) |
| Profit/(Loss) from Continuing Operations Before Taxation | | 605,310 | (6,004,150) | (5,398,840) |
| Income Taxes: | | | | |
| - Current Taxes | | – | – | – |
| - Deferred Tax Reversal | 7 | | – | – |
| - Fringe Benefit Tax | | (17,587) | 17,587 | |
| Profit/(Loss) After Tax for the Year | | 587,723 | (5,986,563) | (5,398,840) |

Explanatory notes to reconciliation:

- Operating Expenses as per Indian GAAP have been adjusted for recognition of expenses under IFRS. Major movements include US\$ 169,295 of expenditure in the nature of repairs and maintenance and US\$ 41,095 of capital work in progress, previously capitalised under Indian GAAP, which has now been expensed off. An amount of US\$ 70,642 has been charged for the build up of resurfacing provisions.
- Administrative Expenses as per Indian GAAP have been adjusted for recognition of expenses under IFRS. Stock Option expense of US\$ 34,389 has been recognised under IFRS 2, *Share-based Payment*. Employees benefit assets for gratuity fund of US\$ 15,707 has been derecognized. Fringe Benefit Tax expenses of Rs. 17,587 disclosed as provision for taxes under Indian GAAPs has been classified under administrative expenses.
- Depreciation charge adjustment of US\$ 24,969 to the Indian GAAP amount has arisen due to recomputation and adjustment of depreciation for earlier years on change in method of depreciation from written down value to straight line method under Indian GAAP.

4. Amortisation charge of US\$ 1,722,347 pertains to the intangible asset recognised on the adoption of IFRIC D 14 *Service Concession Arrangements - The Intangible Asset Model*. This asset is being amortised on a straight-line basis over a period of 70 years, the estimated useful life of the asset.
5. Miscellaneous expenditure relates to Public Issue Expenses of Deep Discount Bonds and other deferred expenditure previously recognised as a deferred asset under Indian GAAP. On transition to IFRS, the asset was analysed and components were either reclassified or expensed off. Hence, expenditure previously recognised under Indian GAAP has been reversed.
6. Finance charges pertain to accretion of interest on loans and borrowings using the effective interest rate method and amortisation of debt issue expenses for Deep Discount Bonds in accordance with IAS 39, *Financial Instruments – Recognition and Measurement*.

In terms of our report of even date

On behalf of the Board of Directors

For LUTHRA & LUTHRA
Chartered Accountants

Vishal Gupta
Partner

Director

Director

Pradeep Puri
President & CEO

T. K. Banerjee
CFO

Monisha Macedo
Manager and
Company Secretary

Noida, U.P.
Date : 19 July, 2006.

RECONCILIATION OF EQUITY AT 31 March 2005

| | Explanatory Notes | INDIAN GAAP US (\$) | Effect of transition to IFRS US (\$) | IFRS US (\$) |
|---|-------------------|---------------------|--------------------------------------|--------------------|
| Property, Plant and Equipment | 1 | 115,316,345 | (115,025,768) | 290,577 |
| Capital Work in Progress | 2 | 186,794 | (186,794) | – |
| Intangible Assets | 3 | – | 114,798,862 | 114,798,862 |
| Employee Benefits | 4 | – | 42,134 | 42,134 |
| Deferred Revenue Expenditure | 5 | 296,404 | (296,404) | – |
| Loans and Advances | | 47,195 | – | 47,195 |
| Total Non Current Assets | | 115,846,738 | (667,970) | 115,178,768 |
| Inventories | | 17,338 | – | 17,338 |
| Trade Receivables | | 143,395 | – | 143,395 |
| Loans and Advances | | 165,037 | – | 165,037 |
| Prepayments | | 64,998 | – | 64,998 |
| Available-for-Sale Investments | 6 | 840,231 | 1,259 | 841,490 |
| Cash and Cash Equivalents | | 39,538 | – | 39,538 |
| Total Current Assets | | 1,270,537 | 1,259 | 1,271,796 |
| Total Assets | | 117,117,275 | (666,711) | 116,450,564 |
| Interest-bearing Loans and Borrowings | 7 | 70,466,218 | 2,518,648 | 72,984,866 |
| Provisions | 8 | – | 841,149 | 841,149 |
| Deferred Tax Liability | | – | – | – |
| Total Non Current Liabilities | | 70,466,218 | 3,359,797 | 73,826,015 |
| Interest-bearing Loans and Borrowings | 7 | 11,480,131 | (565,709) | 10,914,422 |
| Trade and Other Payables | | 3,107,468 | – | 3,107,468 |
| Provisions | | 34,005 | – | 34,005 |
| Provision for Taxes | | 267 | – | 267 |
| Total Current Liabilities | | 14,621,871 | (565,709) | 14,056,162 |
| Total Liabilities | | 85,088,089 | 2,794,088 | 87,882,177 |
| Total Assets less Total Liabilities | | 32,029,186 | (3,460,799) | 28,568,387 |
| Issued Capital | | 28,055,363 | – | 28,055,363 |
| Stock Option Account | 9 | – | 118,474 | 118,474 |
| Reserves and Surplus | | – | – | – |
| Revaluation Reserve | 10 | 30,743,863 | (30,743,863) | – |
| Net Unrealized Gains Reserves | 6 | – | 1,259 | 1,259 |
| Retained Earnings/ (Debit balance of Profit and Loss Account) | | (26,691,822) | 27,369,924 | 678,102 |
| Effect of Currency Translation | | (78,218) | (206,593) | (284,811) |
| Total Equity | | 32,029,186 | (3,460,799) | 28,568,387 |

Explanatory Notes to the reconciliation:

1. Costs of US\$ 114,632,549 pertaining to the Delhi Noida Toll Bridge, previously capitalised under the PPE model, revaluation of land and accumulated depreciation have been derecognised on adoption of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model*. In addition US\$ 393,219 of advertising structures, previously capitalised under Indian GAAP has been expensed on adoption of the same draft interpretation.
2. Capital Work in Progress of US\$ 186,794 previously capitalised under Indian GAAP has now been analysed as revenue nature and hence been expensed through the retained earnings / income statement.
3. Intangible Asset of US\$ 114,798,862 is the net book value of the Delhi Noida Toll Bridge as at 31 March 2005. The Bridge is being amortised on a straight-line basis over the estimated useful life of the intangible asset as per the provisions of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model*.
4. As of 31 March 2002, the Group had adopted IAS 19, *Employee Benefits*. As a result, additional disclosures are made providing information about trends in the assets and liabilities in the defined benefit plan Gratuity and the assumptions underlying the components of the defined benefit cost.
5. The amount of US\$ 160,391 relating to Public Issue Expenses of Deep Discount Bonds (refer note 7 below), has been netted off from Interest Bearing Loans and Borrowings (Debt). Preliminary and incorporation expenses, including stamps and registration expenses of US\$ 14,807, which did not meet the recognition criteria of IAS 38, *Intangible Assets* have been written off. Similarly, the balance of deferred revenue expenditure pertaining to pre-operating expenditure of US\$ 121,206 has been written off.
6. Quoted investments measured at cost under Indian GAAP have been classified as available-for-sale financial assets under IAS 39, *Financial Instruments – Recognition and Measurement* and remeasured at fair value. Changes in the fair value of these financial assets are recognised directly in equity through the statement of changes in equity.
7. Interest-bearing loans and borrowings have been restated to amortised cost using the effective interest rate method under IAS 39, *Financial Instruments - Recognition and Measurement* with the discount being accreted through the Profit and Loss account. Further, under Indian GAAP, Public Issue Expenses pertaining to Deep Discount Bonds (DDBs) were being amortised over a period of 5 years on a straight-line basis commencing 7 February 2001. On adoption of IAS 39, *Financial Instruments - Recognition and Measurement*, the expenses relating to the the DDBs are being amortised over 16 years using the effective interest rate method
8. The Group has recognised a provision for road resurfacing upon adoption of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model*. The provision for the first resurfacing, which is due in year ended 31 March 2009, is being built up in accordance with the provisions of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.
9. Stock Option expense has been recognised with a corresponding entry to equity over the vesting period of the Option under IFRS 2, *Share-based Payments*.
10. Under Indian GAAP, Property, Plant & Equipment had been revalued. This Revaluation Reserve pertaining to land received under the Concession Agreement has been reversed on the adoption of IFRIC D 14 *Service Concession Arrangements – The Intangible Asset Model* as the Delhi Noida Toll Bridge is being accounted for as an intangible asset.

In terms of our report of even date

On behalf of the Board of Directors

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