

Directors' Report

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2014.

1. FINANCIAL RESULTS

The key financial parameters for the year ended March 31, 2014 are:

Description	Amount (₹ Lakhs)	
	2013-14	2012-13
Profit before depreciation & tax	2579.52	4870.66
Depreciation	5247.58	5245.82
Profit / (Loss) before tax	(2668.06)	(375.16)
Prior Period Adjustments	—	—
Provision for tax	—	—
Profit / (Loss) after tax	(2668.06)	(375.16)
Balance brought forward from Previous year	(7564.60)	(7189.44)
Balance carried to Balance Sheet	(10232.66)	(7564.60)

2. PERFORMANCE OF THE COMPANY

Total Income for 2013-14 is ₹ 10597.91 lacs against ₹10,155.49 lacs for the year 2012-13. Profit After Tax (PAT) for 2013-14 is ₹(2668.06) lacs against ₹(375.16) lacs for the year 2012-13.

3. APPROPRIATION

Appropriation of profits is not applicable to the Company.

4. DIVIDEND

The Board of Directors has not recommended any dividend for the year 2013-2014.

5. CAPITAL EXPENDITURE: (₹LAKHS)

As at March 31, 2014, the gross fixed assets stood at ₹ 88931.12 and the net fixed assets stood at ₹ 62136.80

6. DEPOSITS:

Your Company has not accepted any deposits from the public.

7. AUDITORS' REPORT:

The Auditors' Report to the Shareholders does not contain any qualifications.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy

The operations of your Company are not energy intensive as Company is not engaged in manufacturing activity and your Company is not under the list of industries which should furnish information in form A (Rule 2).

B. Technology Absorption

No technology has been developed and / or imported by way of foreign collaboration.

C. Foreign Exchange Earnings And Outgo (₹ Lakhs)

During the year the Company has incurred a sum of ₹ 10.30 Lakhs on foreign currency expenditure.

9. DISCLOSURE OF PARTICULARS:

As the primary object of your Company is Operation of the BOT Project, there are no particulars to be disclosed as per the Companies' (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

10. PARTICULARS OF EMPLOYEES:

There are no employees covered by the provisions of the Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Mr. Biju Francis is the Manager of the Company under the Companies Act, 1956.

Mr. R. G. Ramachandran is the Company Secretary of the Company.

L&T KRISHNAGIRI THOPUR TOLL ROAD LIMITED

11. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the Directors 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 as at March 31, 2014;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis.
5. that proper systems are in place to ensure compliance of all laws applicable to your Company.

12. DIRECTORS:

Mr. B. Ramakrishnan, Mr. T. S. Venkatesan and Mr. J. Subramanian constitute the Board of Directors of the Company.

During the year, there was no change in the Directorships of the Company.

Mr. J. Subramanian, Director of the Company who is liable to retire by rotation and being eligible has to offer himself for re-appointment.

13. AUDIT COMMITTEE

The Members of the Audit Committee are:

1. Mr. B. Ramakrishnan
2. Mr. T. S. Venkatesanand
3. Mr. J. Subramanian

The role, terms of reference, the authority and power of Chairman are in conformity with the requirements of the Companies Act, 1956.

The Committee met periodically during the year and held discussions with the auditors on internal control systems and internal audit report.

14. STATUTORY AUDITORS:

The Auditors, M/s M.K Dandeker & Co., Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 139(1) of the Companies Act, 2013.

15. SUBSIDIARY COMPANIES :

Your Company has no Subsidiary Companies.

16. INTERNAL AUDITORS

M/s Grant Thornton India LLP are the Internal Auditors of the Company.

17. INTERNAL CONTROL

The Board ensures the effectiveness of your Company's system of internal controls including financial, operational and compliance controls and risk management systems.

18. MAINTENANCE OF COST AUDIT COMPLIANCE REPORT

Pursuant to the provisions of Rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a cost audit compliance report from a Practicing Cost Accountant and the same is required to be filed with the Ministry of Corporate Affairs.

The Board of your Company will identify a Practicing Cost Accountant for this purpose, obtain prescribed compliance certificate accordingly and file the same with the Ministry of Corporate Affairs.

19. ACKNOWLEDGEMENTS:

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, Employees of the Company, Staff and Management of the parent company.

For and on behalf of the Board

Place: Chennai
Date: May 5, 2014

T. S. VENKATESAN
Director

J. SUBRAMANIAN
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T KRISHNAGIRI THOPUR TOLLROAD LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **L&T KRISHNAGIRI THOPUR TOLLROAD LTD**, which comprise the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014,
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditors' 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 paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. In our opinion this Company is a going concern as explained in Note O (1) to the accounts
- vi. On the basis of written representations received from the Directors, as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For M.K.DANDEKER & CO.
Chartered Accountants
(Firm Regn. No. 000679S)

K. J. DANDEKER
Partner

Membership No. 018533.

Place: Chennai
Dated: May 5, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of **L&T KRISHNAGIRI THOPUR TOLLROAD LIMITED** on the accounts for the year ended March 31, 2014, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.
- (ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4 (ii) (a), (b) & (c) of the Companies (Auditors' Report) Order 2003 relating to inventory are not applicable.
- (iii) According to the information & explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause-4 (iii) (b) to (g) of the Companies (Auditors' Report) Order 2003 does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v) (b) of the Companies (Auditor's Report) Order 2003 does not arise .
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956. Hence Clause 4 (vi) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company is maintaining the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues, Income tax, and other statutory dues during the year with the appropriate authorities. As at March 31, 2014, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax.
- (x) The Company has accumulated losses of ₹ 1,023,265,766 at the end of financial year, which are more than 50% of the Net Worth of the Company. However, the Company has not incurred Cash losses in the Current and immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. The investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us, funds raised by the Company on short term basis have not been used for long - term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued debentures during the year. Accordingly, no security needs to be created.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Regn. No. 000679S)

K. J. DANDEKER
Partner

Membership No. 018533.

Place: Chennai
Dated: May 5, 2014

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	A	78,75,00,000		78,75,00,000	
Reserves & Surplus	B	(1,02,32,65,766)		(75,64,59,922)	
			(23,57,65,766)		3,10,40,078
Non-current liabilities					
Long-term borrowings	C(I)	5,76,78,06,570		6,36,35,17,118	
Other Long term liabilities	C(II)	–		5,35,023	
Long-term provisions	C(III)	1,13,32,758		15,91,00,000	
			5,77,91,39,328		6,52,31,52,141
Current liabilities					
Trade payables	D(I)	58,00,881		62,53,758	
Other current liabilities	D(II)	66,73,25,159		50,91,40,242	
Short-term provisions	D(III)	47,03,34,377		15,64,254	
			1,14,34,60,417		51,69,58,254
TOTAL			6,68,68,33,979		7,07,11,50,473
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	5,34,97,842		7,51,88,578	
Intangible assets	E(II)	6,16,01,82,390		6,65,96,57,612	
Long-term loans and advances	E(III)	85,48,066		43,36,319	
			6,22,22,28,298		6,73,91,82,509
Current Assets					
Current investments	F(I)	35,96,66,111		16,55,53,736	
Cash and bank balances	F(II)	5,70,37,747		16,11,68,597	
Short-term loans and advances	F(III)	4,79,01,823		34,20,004	
Other current assets	F(IV)	–		18,25,627	
			46,46,05,681		33,19,67,964
TOTAL			6,68,68,33,979		7,07,11,50,473
CONTINGENT LIABILITIES	G				
CAPITAL COMMITMENTS	–				
OTHER NOTES FORMING PART OF ACCOUNTS	N				
SIGNIFICANT ACCOUNTING POLICIES	O				

The accompanying notes form an integral part of the financial statements

As per our report attached

For M. K. DANDEKER & CO.

Chartered Accountants

(Firm Registration No: 000679S)

By the hand of

K. J. DANDEKER

Partner

Membership No.018533

Place : Chennai

Date : May 5, 2014

For and on behalf of the Board

R. G. RAMACHANDRAN

Company Secretary

T. S. VENKATESAN

Director

J. SUBRAMANIAN

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	2013-14 ₹	2012-13 ₹
REVENUE			
Revenue from operations	H	1,05,97,91,343	1,01,55,49,485
Other Income	I	2,85,69,961	2,91,53,051
TOTAL REVENUE		1,08,83,61,304	1,04,47,02,536
EXPENSES			
Operating and maintenance expenses	J	39,58,06,705	14,13,24,000
Employee benefits expense	K	1,11,88,807	1,15,07,011
Finance costs	L	40,63,92,001	38,85,76,559
Depreciation and amortisation expense		52,47,57,980	52,45,82,299
Administrative and other expenses	M	1,70,21,655	1,62,28,330
TOTAL EXPENSES		1,35,51,67,148	1,08,22,18,200
Profit/(Loss) before tax		(26,68,05,844)	(3,75,15,664)
Tax expense:			
Current tax		—	—
Deferred tax		—	—
Profit/(loss) after tax		(26,68,05,844)	(3,75,15,664)
Earnings per equity share			
Basic EPS	N(6)	(3.39)	(0.48)
Diluted EPS		(3.39)	(0.48)
Face value per equity share (₹)		10.00	10.00
OTHER NOTES FORMING PART OF ACCOUNTS	N		
SIGNIFICANT ACCOUNTING POLICIES	O		

The accompanying notes form an integral part of the financial statements

As per our report attached

For M. K. DANDEKER & CO.

Chartered Accountants

(Firm Registration No: 000679S)

By the hand of

K. J. DANDEKER

Partner

Membership No.018533

Place : Chennai

Date : May 5, 2014

For and on behalf of the Board

R. G. RAMACHANDRAN

Company Secretary

T. S. VENKATESAN

Director

J. SUBRAMANIAN

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	2013-14 ₹	2012-13 ₹
A Cash Flow from operating activities		
Profit before tax (excluding extraordinary item)	(26,68,05,844)	(3,75,15,663)
<i>Adjustments for :</i>		
Depreciation and amortisation	52,47,57,980	52,45,82,299
Interest paid	40,63,92,001	38,77,72,711
Interest received	(1,47,75,413)	(1,35,25,919)
(Profit) / Loss on sale of investments (net)	(1,28,40,579)	(1,27,72,882)
(Profit) / Loss on sale of fixed assets (net)	-	473
Other non operating income	(9,53,969)	(28,54,723)
Operating profit before working capital changes	63,57,74,176	84,56,86,296
<i>Adjustments For :</i>		
(Increase) / Decrease in trade and other receivables		
(Increase) / Decrease in Loans and Advances	(4,68,67,939)	(43,29,807)
Increase / (Decrease) in trade payables	4,88,97,017	(1,77,34,890)
Increase / (Decrease) in Provisions	32,10,02,881	6,75,07,495
Cash generated from operations	95,88,06,135	89,11,29,094
Direct taxes paid (net of refund)		14,53,814
Net cash (used in) / generated from operating activities - (A)	95,88,06,135	89,25,82,908
B Cash flow from Investing activities :		
Purchase of fixed assets	(35,92,022)	(25,24,024)
Sale of fixed assets	-	3,112
Profit on sale of investments	1,28,40,579	1,27,72,882
(Purchase) / Sale of investments (net)	(19,41,12,375)	(6,90,71,132)
Interest received	1,47,75,413	1,35,25,919
Other non operating income	9,53,969	28,54,723
Net cash (used in) / generated from investing activities - (B)	(16,91,34,436)	(4,24,38,520)
C Cash flow from financing activities		
Repayment of long term borrowings & Negative Grant	(27,11,10,548)	(26,78,95,699)
Proceeds from long term borrowings	-	-
Interest paid	(40,63,92,001)	(38,77,72,711)
Deferred liability paid	(21,63,00,000)	(18,03,00,000)
Net cash (used in) / generated from financing activities - (C)	(89,38,02,549)	(83,59,68,410)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(10,41,30,850)	1,41,75,979
Cash and cash equivalents as at the beginning of the year	16,11,68,597	14,69,92,618
Cash and cash equivalents as at end of the year	5,70,37,747	16,11,68,597

NOTES :

- Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; "Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
- Cash and cash equivalents consists of cash and bank balances
- Previous years figures have been regrouped/reclassified wherever necessary

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

K. J. DANDEKER
Partner
Membership No.018533
Place : Chennai
Date : May 5, 2014

R. G. RAMACHANDRAN
Company Secretary

T. S. VENKATESAN
Director

For and on behalf of the Board
J. SUBRAMANIAN
Director

NOTES FORMING PART OF ACCOUNTS**A SHARE CAPITAL****(i) Share capital authorised, issued, subscribed and paid up:**

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	₹	No. of Shares	₹
Authorized:				
Equity Shares of ₹ 10 each	8,00,00,000	80,00,00,000	8,00,00,000	80,00,00,000
Issued, subscribed & fully paid-up:				
Equity Shares of ₹ 10 each	7,87,50,000	78,75,00,000	7,87,50,000	78,75,00,000

(ii) Reconciliation of the number of equity shares and share capital:

	2013-14		2012-13	
	No. of Shares	₹	No. of Shares	₹
Equity Shares:				
Issued, Subscribed and fully paid up equity shares outstanding at the beginning of the period	7,87,50,000	78,75,00,000	7,87,50,000	78,75,00,000
Add : Shares issued during the year as fully paid	—	—	—	—
Issued, Subscribed and fully paid up equity shares outstanding at the end of the period	7,87,50,000	78,75,00,000	7,87,50,000	78,75,00,000

(iii) Terms / Rights attached to Equity Shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

No dividend has been declared by the Board of Directors during the year ended March 31, 2014 (Previous Year ₹ Nil)

(iv) Shares held by Holding / Ultimate holding company and/or their subsidiaries/associates:

	Relationship	As at 31.03.2014 ₹	As at 31.03.2013 ₹
L&T Infrastructure Development Projects Limited ('L&T IDPL'), the Holding Company and its nominees.	Holding Company		
Equity shares of ₹ 10 each fully paid up		78,75,00,000	78,75,00,000

(v) Shareholders holding more than 5% shares in the Company as at the end of the year:

Name of the shareholders	As at 31.03.2014		As at 31.03.2013	
	No of Shares	%	No of Shares	%
L&T Infrastructure Development Projects Limited, Holding Company and its nominees.	7,87,50,000	100.00%	7,87,50,000	100.00%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL**(vi) Calls unpaid : NIL; Forfeited Shares : NIL**

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
B RESERVES & SURPLUS				
Surplus / (deficit) in the Statement of Profit and Loss				
As per the last Balance sheet	(75,64,59,922)		(71,89,44,259)	(60,08,02,523)
Add: Profit / (Loss) for the year	(26,68,05,844)		(3,75,15,663)	(11,81,41,740)
		(1,02,32,65,766)		(75,64,59,922)
TOTAL		(1,02,32,65,766)		(75,64,59,922)

NOTES FORMING PART OF ACCOUNTS (Contd.)**C(I) LONG TERM BORROWINGS**

	Note No	As at 31.03.2014	As at 31.03.2013
		₹	₹
Term loans*	C(I)(a)	2,98,81,58,570	3,02,72,12,817
Deferred payment liabilities	C(I)(b)	2,34,39,00,000	2,88,48,00,000
Loans and advances from related parties	C(I)(c)	43,57,48,000	45,15,04,301
TOTAL		5,76,78,06,570	6,36,35,17,118

C(I) (A) TERM LOANS (SECURED)

Particulars	Rate of interest for the current year*	As at 31.03.2014	As at 31.03.2013	Terms of repayment
		₹	₹	
From Banks		2,42,02,38,331	2,45,17,92,578	Rupee term loans consists of loans borrowed from a consortium of eight lenders. The loans are repayable in 43 unequal quarterly instalments.
– Long Term Borrowings	As mentioned			
From Financial institutions	below *	56,79,20,239	57,54,20,239	
– Long Term Borrowings				
TOTAL		2,98,81,58,570	3,02,72,12,817	

* The rate of interest is SBI Base Rate + applicable spread for the consortium of eight lenders, except for State Bank of Mysore (SBM) which is SBM's Base Rate + applicable spread and for IIFCL it is IIFCLs Base Rate + applicable spread.

Nature of security :

- Mortgage of title deed of immovable property being Flat located in Pune.
- Pari passu* charge on all the immovable and movable properties of the Company relating to the Project, both present and future except Project Assets as defined in the Concession Agreement, all bank accounts of the Company and all Authorized investments or other securities representing all amounts credited in the bank accounts."

C(I) (B) DEFERRED PAYMENT LIABILITIES

	As at 31.03.2014	As at 31.03.2013	Remarks
	₹	₹	
Negative Grant payable to NHAI	2,34,39,00,000	2,88,48,00,000	Deferred payment liabilities represents the outstanding Negative grant payable to National Highway Authority of India (NHAI) as per the Concession agreement dated January 17, 2006. The Negative Grant is payable over a period of ten years commencing from 2009-10.
TOTAL	2,34,39,00,000	2,88,48,00,000	

C(I) (C) LOANS AND ADVANCES FROM RELATED PARTIES (UNSECURED)

	As at 31.03.2014	As at 31.03.2013	Terms of repayment
	₹	₹	
Narmada Infrastructure Construction Enterprises Limited (NICE), fellow subsidiary	43,57,48,000	45,15,04,301	The loan is payable in 44 quarterly unequal instalments . The interest rate on loan is the Reserve Bank of India (RBI) bank rate.
TOTAL	43,57,48,000	45,15,04,301	

Particulars	As at 31.03.2014	As at 31.03.2013
	₹	₹
Presentation of term loans in the Balance sheet is as follows :		
i) Long term borrowings	2,98,81,58,570	3,02,72,12,817
ii) Current maturities of long term borrowings	3,92,00,000	19,68,00,000
TOTAL	3,02,73,58,570	3,22,40,12,817

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2014	As at 31.03.2013
	₹	₹
C(II) OTHER LONG TERM LIABILITIES		
Trade payables	—	5,35,023
TOTAL	<u>—</u>	<u>5,35,023</u>
C(III) LONG TERM PROVISIONS		
Other Provisions		
- Periodic major maintenance - Refer Note N(7)	1,13,32,758	15,91,00,000
TOTAL	<u>1,13,32,758</u>	<u>15,91,00,000</u>
D(I) TRADE PAYABLES		
Due to		
- Holding Company	13,18,596	9,27,345
- Others	44,82,285	53,26,413
TOTAL	<u>58,00,881</u>	<u>62,53,758</u>
D(I)(a) There have been no transactions with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting details of principal and interest does not arise.		
D(III) OTHER CURRENT LIABILITIES		
Due to related parties		
- Holding Company	11,01,879	—
- Ultimate Holding Company	16,20,360	—
- Interest accrued and due to NICE {Merged with L&T IDPL w.e.f April 1, 2013}	35,033	—
Other payables		
- NHAI revenue share payable	5,71,86,159	4,88,97,372
- NHAI negative grant payable – Note No {C(I)(b)}	54,09,00,000	21,63,00,000
- Statutory liabilities	11,19,777	11,01,213
- Others	1,04,09,951	1,45,41,657
Current portion of long term borrowings		
Term loan (secured) – {Note no. C(I)(a)}		
-From Banks	3,17,00,000	15,93,00,000
-From Financial institutions	75,00,000	3,75,00,000
Loans and advances from NICE (unsecured) – {Note no. C(I)(c)}	1,57,52,000	3,15,00,000
TOTAL	<u>66,73,25,159</u>	<u>50,91,40,242</u>
D(III) SHORT TERM PROVISIONS		
Provision for employee benefits		
- Gratuity	856,132	7,23,984
- Compensated absences	825,307	8,12,270
- Bonus	21,000	28,000
Other Provisions		
- Periodic major maintenance – Refer Note {Note N(7)}	46,86,31,938	—
TOTAL	<u>47,03,34,377</u>	<u>15,64,254</u>

NOTES FORMING PART OF ACCOUNTS (Contd.)**E (I) TANGIBLE ASSETS**

Figures in ₹

Particulars	Cost				Depreciation				Book value	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	Up to 31.03.2013	For the period	Deductions	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Building	25,14,800	—	—	25,14,800	7,40,989	1,65,006	—	9,05,995	16,08,805	17,73,811
Plant and Equipment	13,45,14,673	—	—	13,45,14,673	6,60,10,321	2,32,23,842	—	8,92,34,163	4,52,80,510	6,85,04,352
Furniture & Fixture	23,64,363	82,592	—	24,46,954	12,38,850	3,21,939	—	15,60,789	8,86,165	11,25,513
Vehicles	72,96,350	7,90,620	—	80,86,970	41,82,843	12,90,128	—	54,72,971	26,13,999	31,13,507
Office Equipment	17,86,026	6,700	—	17,92,726	14,77,680	1,68,196	—	16,45,876	1,46,850	3,08,346
Computers	13,45,906	1,51,650	—	14,97,556	12,30,299	82,887	—	13,13,186	1,84,370	1,15,607
Electrical Installations	4,94,374	25,60,460	—	30,54,834	2,46,932	30,759	—	2,77,691	27,77,143	2,47,442
TOTAL	15,03,16,492	35,92,022	—	15,39,08,513	7,51,27,914	2,52,82,758	—	10,04,10,671	5,34,97,842	7,51,88,578
<i>Previous Year</i>	14,98,17,432	5,40,556	—41,496	14,98,17,432	4,99,86,625	2,51,79,203	—	7,51,27,914	7,51,88,578	9,98,30,807

E(II) INTANGIBLE ASSETS

Figures in ₹

Particulars	Cost			Amortization			Book Value	
	As at 01.04.2013	Additions	As at 31.03.2014	As at 31.03.2014	For the period	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹	₹	₹	₹	₹
Toll Collection Rights	8,73,89,28,651	—	8,73,89,28,651	2,07,92,71,040	49,94,75,222	2,57,87,46,262	6,16,01,82,389	6,65,96,57,611
Computer software	2,75,000	—	2,75,000	2,74,999	—	2,74,999	1	1
TOTAL	8,73,92,03,651	—	8,73,92,03,651	2,07,95,46,039	49,94,75,222	2,57,90,21,261	6,16,01,82,390	6,65,96,57,612
<i>Previous Year</i>	8,73,72,20,183	19,83,468	8,73,92,03,651	1,58,01,42,943	49,94,03,096	2,07,95,46,039	6,65,96,57,612	7,15,70,77,240

"As per para 63 of Accounting Standard-26 "Intangible Assets", presently the Company amortises the Toll Collection rights ("TCR"), on a Straight line basis ("SLM") over the concession period. The amortisation computed above, is higher than amortisation computed in terms of the Notification no. G.S.R. 298(E) dated April 17, 2012 issued by the Ministry of Corporate Affairs (on amortisation of Intangible assets created under Build Operate and Transfer, Build, Own, Operate and Transfer and other forms of Public Private Partnership Route). Accordingly the Company continues to amortise the Toll Collection Rights on a straight line basis over the Concession period."

	As at 31.03.2014	As at 31.03.2013
	₹	₹
E(III) LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
- Security deposit	5,38,101	7,03,051
- Advance tax (net of provision)	80,09,965	36,33,268
TOTAL	85,48,066	43,36,319

F(I) CURRENT INVESTMENTS

Commercial Paper		
Issued by L&T IDPL (Face value per unit - ₹ 5,00,000)	—	16,55,53,736
Investments in Mutual Funds	35,96,66,111	—
TOTAL	35,96,66,111	16,55,53,736
Details of quoted/non-quoted investments:		
Aggregate value of quoted investments and market value thereof;		
Book Value - ₹ 35,96,66,111		—
Market Value - ₹ 36,52,12,516		—
Aggregate value of unquoted investments	—	—
Book Value - ₹ 16,55,53,736		—
TOTAL	—	16,55,53,736

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2014		As at 31.03.2013	
	₹		₹	
F(II) CASH AND BANK BALANCES				
Balances with banks				
- on Current account		37,84,827		94,67,098
- on Deposit account including Interest accrued thereon (maturity less than 3 months)		53,50,606		10,91,68,721
Cash on hand		1,15,88,355		84,83,042
Other bank balances				
- on Deposit account including Interest accrued thereon (maturity more than 3 months)		3,63,13,959		3,40,49,737
TOTAL		5,70,37,747		16,11,68,597
F(III) SHORT TERM LOANS AND ADVANCES				
Others :				
Unsecured, Considered good				
- Prepaid expenses		28,28,319		33,63,237
- Security Deposit		15,000		-
- Due from Ultimate Holding Company		40,190		39,889
- Advance to Holding Company		4,50,01,933		-
- Other recoverable		16,381		16,878
TOTAL		4,79,01,823		34,20,004
F(IV) OTHER CURRENT ASSETS				
Interest accrued but not due on commercial paper		-		1,825,627
TOTAL		-		1,825,627
G CONTINGENT LIABILITIES AND COMMITMENTS				
Contingent Liability in respect of bank guarantee given to lenders amounts to ₹ 20,00,00,000. (Previous year - Nil)				
	2013-14		2012-13	
	₹	₹	₹	₹
H REVENUE FROM OPERATIONS				
Toll fee collections	1,26,42,95,217		1,21,15,15,994	
Less: Revenue share to NHAI	(20,45,03,874)		(19,59,66,509)	
		1,05,97,91,343		1,01,55,49,485
TOTAL		1,05,97,91,343		1,01,55,49,485
I OTHER INCOME				
Interest income on :				
- Bank deposits	44,04,148		48,98,641	
- Current investments	1,03,55,644		84,82,302	
- Others	15,621		1,44,976	
		1,47,75,413		1,35,25,919
Net gain on sale of current investments		1,28,40,579		1,27,72,882
Other non-operating income (net of expenses)				
- Insurance claims received	7,17,738		18,90,311	
- Lease rental - Ref : Note N(5)	1,29,150		21,000	
- Others	1,07,081		9,42,939	
		9,53,969		28,54,250
TOTAL		2,85,69,961		2,91,53,051

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2013-14		2012-13	
	₹	₹	₹	₹
J OPERATING AND MAINTENANCE EXPENSE				
Toll management fees		2,50,98,150		2,26,28,399
Security services		43,93,300		33,98,601
Insurance		37,35,889		20,34,391
Repairs & maintenance				
-Toll roads & bridges	2,55,57,525		2,88,10,552	
-Building	18,75,627		16,03,769	
-Plant & machinery	32,02,354		40,48,962	
-Periodic major maintenance	32,08,64,696		6,70,00,000	
-Others	20,81,013		1,66,206	
		35,35,81,215		10,16,29,489
Power & electricity charges		89,98,151		1,16,33,120
TOTAL		39,58,06,705		14,13,24,000
K EMPLOYEE BENEFIT EXPENSE				
Salaries, wages & bonus		88,05,277		95,17,685
Contribution to and provision for				
- Provident and other funds	5,06,797		5,34,465	
- Gratuity {Ref Note N(2)}	1,86,436		2,77,613	
		6,93,233		8,12,078
Staff welfare expenses		16,90,297		11,77,248
TOTAL		1,11,88,807		1,15,07,011
L FINANCE COSTS				
Interest expense on term loans		40,21,23,466		38,73,10,196
Other borrowing costs		12,52,123		4,62,515
Bank charges		30,16,412		8,03,848
TOTAL		40,63,92,001		38,85,76,559
M ADMINISTRATIVE AND OTHER EXPENSE				
Rates & taxes		3,52,844		2,94,041
Payment to auditor (including service tax) {Refer Note M(I) below}		5,06,878		4,18,879
Professional fees		1,14,08,858		98,07,422
Printing & stationery		5,21,835		5,02,943
Postage & communication		5,14,255		5,83,879
Travelling & conveyance		28,26,954		31,84,832
Loss on sale of fixed asset		-		473
Other expenses		8,90,031		14,35,861
TOTAL		1,70,21,655		1,62,28,330
M(I) PAYMENT TO AUDITOR				
Payment to auditor				
- As Auditor		2,96,630		2,69,664
- for Taxation		61,798		28,090
- for Other services		1,48,450		1,21,125
TOTAL		5,06,878		4,18,879

NOTES FORMING PART OF ACCOUNTS (Contd.)**N OTHER NOTES FORMING PART OF ACCOUNTS****(1) CORPORATE INFORMATION**

L&T Krishnagiri Thopur Toll road Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 86 kms road on NH-7 from Krishnagiri to Thopur in the state of Tamil Nadu , under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated January 17, 2006 with National Highways Authority of India. The Company had completed construction on February 6, 2009 and started operation from that date. The concession period is 20 years which shall end on January 17, 2026.

(2) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 15 (REVISED) - EMPLOYEE BENEFITS**(i) Defined contribution plan:**

An amount of ₹ 5,06,797 (previous year : ₹ 5,34,465) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note K) in the Statement of Profit and loss.

(ii) Defined benefit plans:

The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
A) Present value of defined benefit obligation				
– Wholly funded	–		–	
– Wholly unfunded	8,56,132	7,23,984	8,25,307	8,12,270
Less : Fair value of plan assets				
Amount to be recognised as liability or (asset)	8,56,132	7,23,984	8,25,307	8,12,270
B) Amounts reflected in the Balance Sheet				
Liabilities	8,56,132	7,23,984	8,25,307	8,12,270
Assets	–	–		

The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
1 Current service cost	47,059	43,620	3,885	60,161
2 Interest on Defined benefit obligation	61,539	37,942	69,043	51,883
3 Expected return on plan assets	–	–	–	–
4 Actuarial losses/(gains)	23,550	1,96,051	(5,313)	89,838
5 Past service cost	–	–		
6 Effect of Curtailment or settlement	–	–		
7 Actuarial gain/(loss) not recognised in books	–	–		
8 Adjustment for earlier years	–	–		
9 Translation adjustments				
10 Amount capitalised out of the above				
Total (1 to 10)	1,32,148	2,77,613	67,615	2,01,882
I Amount included in “employee benefit expenses”	1,32,148	2,77,613	67,615	2,01,882
II Amount included as part of “finance costs”				
Total (I + II)	1,32,148	2,77,613	67,615	2,01,882
Actual return on plan assets				

NOTES FORMING PART OF ACCOUNTS (Contd.)

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Opening balance of the present value of defined benefit obligation	7,23,984	4,46,371	81,22,70	6,10,388
Add: Current service cost	47,059	43,620	3,885	60,161
Add: Interest cost	61,539	37,942	69,043	51,883
Add: Contribution by plan participants				
i) Employer				
ii) Employee				
Add/(less): Actuarial losses/(gains)	23,550	1,96,051	(5,313)	89,838
Less: Benefits paid			(54,578)	
Add: Past service cost				
Add: Business combinations/acquisition				
Closing balance of the present value of defined benefit obligation	8,56,132	7,23,984	8,25,307	8,12,270

Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at 31.03.2014	As at 31.03.2013
Discount rate	8.50%	8.50%
Salary growth rate	6.00%	6.00%
Attrition rate	5.00%	5.00%

(3) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 17 - "SEGMENT REPORTING"

The Company is engaged only in the business of building and operating the Toll roads and bridges. Accordingly furnishing segment details is not applicable. Further the Company is carrying on its business in only one geographical segment and hence furnishing details of geographical segment does not arise.

(4) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 18 - "RELATED PARTY DISCLOSURES"

A. Related party where control exists		
Name of the related party	Relationship	Transaction entered during the year (Yes / No)
Larsen & Toubro Limited	Ultimate Holding Company	Yes
L&T Infrastructure Development Projects Limited	Holding Company	Yes
B. Related parties with whom transactions have taken place during the year		
L&T Infrastructure Development Projects Limited		Holding Company
Larsen & Toubro Limited		Ultimate Holding Company
L&T General Insurance Company Limited	}	Fellow Subsidiaries
L&T Devihalli Hassan Tollway Limited		
L&T Chennai Tada Tollway Limited		
L&T Halol Shamlaji Tollway Limited		
L&T Interstate Road Corridor Limited		
L&T Krishnagiri Walajahpet Tollway Limited		
L&T Panipat Elevated Corridor Project Limited		
PNG Tollway Limited		
L&T Western Andhra Tollways Limited		

NOTES FORMING PART OF ACCOUNTS (Contd.)**C. DISCLOSURES OF RELATED PARTY TRANSACTIONS**

Name / Relationship/ Nature of transaction	2013-14			2012-13		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
	₹	₹	₹	₹	₹	₹
Holding Company						
L&T Infrastructure Development Projects Limited						
Services received - O&M Fee	1,19,06,933	13,18,596	–	1,13,99,311	9,27,345	–
Services received - Business Support Service	85,53,863	20,85,852	–	73,25,529	–	–
Advance towards Major Maintenance Repair	4,59,39,242		4,59,39,242	–	–	–
Reimbursement of Expenses	1,235	181	–	–	–	–
Reimbursement of Expenses received	2,08,321	–	46,845	–	–	–
ICD Received	12,08,20,104	–	–	–	–	–
ICD Refunded	12,08,20,104	–	–	–	–	–
Interest Paid on ICD	57,927	–	–	–	–	–
Total Accounts Payable (net)	–	34,04,629	–	–	9,27,345	–
Total Accounts Receivable (net)	–	–	4,59,86,087	–	–	–
Ultimate Holding Company						
Larsen & Toubro Limited						
Reimbursement of Expenses to	22,05,013	–	80,899	15,50,292	–	67,458
Services received EIP Licence Fee	18,00,400	16,20,360				
TEMS Processing fee	61,798	–	–	–	–	–
Payroll Processing	2,02,248	–	–	2,02,248	–	–
Total Accounts Receivable (net)	–	–	80,899	–	–	67,458
Total Accounts Payable (net)		16,20,360				
Fellow Subsidiaries						
Narmada Infrastructure Construction Enterprises Limited						
ICD Refunded	3,15,00,000	45,15,00,000	–	3,15,00,000	48,30,04,301	–
Interest Paid on ICD	4,23,73,020	35,033	–	4,50,73,784	–	–
Total Accounts Payable (net)	–	45,15,35,033	–	–	48,30,04,301	–
L&T General Insurance Company Limited						
Insurance Premium Paid	27,84,172	–	–	38,96,719	–	–
Insurance Claims Settlement Received	6,40,138	–	–	17,28,311	–	–
L&T Chennai Tada Tollway Limited						
Reimbursement of Expenses to	–	–	–	10,907	–	–
L&T Devihalli Hassan Tollway Limited						
Reimbursement of Expenses to	94,700	–	–	–	–	–
L&T Halol Shamlaji Tollway Limited						
Reimbursement of Expenses to	20,000	–	–	–	–	–
L&T Interstate Road Corridor Limited						
Sale of Investments	17,77,35,007	–	–	–	–	–
L&T Krishnagiri Walajahpet Tollway Limited						
Reimbursement of Expenses to	2,94,154	–	–	–	–	–
L&T Panipat Elevated Corridor Project Limited						
Reimbursement of Expenses from	2,034	–	–	–	–	–
PNG Tollway Limited						
Reimbursement of Expenses to	–	–	–	56,346	–	–
L&T Western Andhra Tollways Limited						
Reimbursement of Expenses from	1,060	–	–	–	–	–
C. No amount due to/due from related parties has been written off/written back during the year.						

NOTES FORMING PART OF ACCOUNTS (Contd.)**(5) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 19 - "LEASES "**

The Company has given on operating lease the residitil flat at Pune. The leases are cancellable at the option of either of the parties. There are no exceptional / restrictive covenants in the lease agreement.

(6) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 20 - "EARNINGS PER SHARE"

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Basic		
Profit / (loss) after tax as per accounts	(26,68,05,844)	(3,75,15,664)
Weighted average no of shares outstanding	7,87,50,000	7,87,50,000
Basic EPS	(3.39)	(0.48)
Diluted		
Profit / (loss) after tax as per accounts	(26,68,05,844)	(3,75,15,664)
Weighted average no of shares outstanding for diluted EPS	7,87,50,000	7,87,50,000
Diluted EPS	(3.39)	(0.48)
Face value per share (₹)	10	10

(7) DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 29 - "PROVISIONS, CONTIGENT LIABILITIES AND CONTIGENT ASSETS"**a) Movement in provisions:**

Particulars	Major Maintanence Reserve (₹)
Opening Balance as at 1-4-2013	15,91,00,000
Additional provision during the year	32,08,64,696
Provision used/reversed during the year	—
Provision transferred due to transfer of business	—
Balance as at 31-3-2014	47,99,64,696
Represented as:	
- Long Term Provision	1,13,32,758
- Short Term Provision	46,86,31,938

b) Nature of provision:

The Company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement. "For this purpose, periodic maintenances along with regular maintenance is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures, repairs and refurbishment of tolling system and other equipments and maintenance of service roads."As per Concession agreement with NHAI the periodic maintenance is expected to occur over a period 5 years . The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of prudence, based on estimates, a provision for major maintenance expenses is provided for in the books annually. "During the current year the Company has provided ₹ 32,08,64,696 for periodic Major Maintenanc in respect of its resurfacing obligation , as per Schedule L Clause 4.3.1 of the Concession Agreement with NHAI, based on revised management estimates.

c) Disclosures in respect of contigent liabilities is given as part of Note G to the Balance Sheet.**(8) IMPAIRMENT OF ASSETS**

The Company has revised the future discounted cash flows based on value in use of fixed assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision is required to be made for the impairment in the accounts.

(9) WEALTH TAX ACT, 1957

The Company does not have taxable wealth under the provisions of the Wealth Tax Act 1957.

(10) FOREIGN CURRENCY TRANSACTION

During the current financial year a sum of 11577.60 Euros amounting to ₹ 10,30,406 (Last year NIL) has been paid towards Toll System Service Support.

(11) Figures for the previous year have been regrouped/reclassified wherever necessary.

NOTES FORMING PART OF ACCOUNTS (Contd.)

O SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable or acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include useful life of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates.

The Company operates in the infrastructure business sector which involves huge capital investments. The Company's network has been eroded. However the loss incurred so far is startup in nature and the Management expects that the Company's revenue for the subsequent financial years will be sufficient to meet the expenditure and recoup the losses incurred thereby strengthening the financial position of the Company. Accordingly, the financial statements have been prepared on going concern basis."

2. Revenue Recognition:

- a) Fee collections from users of facility are accounted for as and when the amount is due and recovery is certain.
- b) Dividend income is recognized when the right to receive is established.
- c) Interest income is accrued at applicable rates.
- d) Other items of income are accounted as and when the right to receive arises.

3. Employee Benefits

(i) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post-Employment Benefits

a. Defined Contribution Plans: the Company's obligation to employees provident fund is a defined contribution plan. The contribution paid/payable is recognized in the period in which the employee renders the related service.

b. Defined Benefit Plans:

The employees gratuity fund schemes and provident fund scheme managed by the trust of the holding Company are the Company's defined benefit plans. The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company's obligation towards gratuity is a defined benefit plan. The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of profit and loss."

(iii) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

4. Fixed Assets

Tangible

Tangible fixed assets are stated at original cost net of tax/duty availed, if any, less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalized as a part of the cost of the fixed assets.

Intangible Assets

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" as specified in the Companies (Accounting Standards) Rule, 2006 and are represented by:

NOTES FORMING PART OF ACCOUNTS (Contd.)

Carriageway representing toll collection rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such carriageway comprises of construction cost, and other preoperative costs incurred during the construction phase.

Pre-operative expenses including administrative and other general overhead expenses, incurred up to the date of commencement of commercial operations and which are specifically attributable to construction of the carriageway are capitalized as a part of the cost of the asset. Other expenses have been written off in the year of incurrence of such expenditure.

5. Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. Where the rate of depreciation provided in Schedule XIV of the Companies Act, 1956 does not depreciate the asset fully over the period of concession, such tangible assets are depreciated over the period of rights given under the Concession Agreement. In respect of the following categories of fixed asset categories the Depreciation is provided at higher rates in line with their revised estimated useful life.

Category of Asset	Estimated Useful Life (Years)	Depreciation Rate (% per annum)
Building – Residential	50	2.00%
Office Equipment	4	25.00%
Electrical Installations	9	11.11%
Plant and Machinery	9	11.11%
Computers – Desktop	4	25.00%
Computers – Laptop	4	25.00%
Furniture and Fixtures	10	10.00%
Motor Cars	7	14.29%
Motor Bike	11	9.09%
Air conditioners	12	8.33%
Toll Equipments	7	14.29%

Individual assets whose value is below ₹ 5,000 are fully depreciated at 100%.

Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions except for those whose value is less than Rs 5,000.

Intangible Assets representing Toll Road & Bridge are amortized at the higher of

- Rates prescribed if any under Section XIV of the Companies Act, 1956, and
- The period of 20 years in accordance with the concession agreement as they represent right to collect Toll revenue during the concession period."

7. Leases

- Assets acquired under leases where the Company has substantially classified all the risks and rewards of ownership as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

8. Borrowing Cost

Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discounts / premium related to borrowings, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest cost. "Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

9. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of assessments / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. Impairment of assets

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine :

- (i) the provision for impairment loss, if any; and
- (ii) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount

Recoverable amount is determined :

- a. In the case of an individual asset, at the higher of the net selling price and the value in use.
- b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined at the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

11. Foreign Currency Transactions

- (i) The reporting currency of the Company is the Indian Rupee.
- (ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- (iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

12. Segment accounting

Segment accounting policies are in line with the accounting policies of the Company. In addition the following specific accounting policies have been followed for segment reporting.

- i. Segment revenue includes sales directly identifiable with/allocable to the segment.
- ii. Expenses that are directly identifiable with/allocable to the segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure".
- iii. Income which relate to the Company as a whole and not allocable to segments is included in "unallocable corporate income".
- iv. Segments assets and liabilities include those directly identifiable with respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

13. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposit, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

14. Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
 - (i) the Company has a present obligation as a result of a past event.
 - (ii) a probable outflow of resources is expected to settle the obligation, and
 - (iii) the amount of the obligation can be reliably estimated.
- b) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- c) Contingent Liability is disclosed in the case of
 - (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - (ii) a present obligation when no reliable estimate is possible, and
 - (iii) a possible obligation arising from past events where the probability of outflow of resources is not remote.\
 - (iv) Contingent Assets are neither recognized, nor disclosed.
- v) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

NOTES FORMING PART OF ACCOUNTS (Contd.)**15. Commitments**

Commitments are future liabilities for contractual expenditure. They are classified and disclosed as follows:

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for.
- ii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the management.

16. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company is taken as twelve months for classification of its assets and liabilities into current/non-current.

17. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- i) transactions of a non-cash nature
- ii) any deferrals or accruals of past or future operating cash receipts or payments and
- iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

K. J. DANDEKER
Partner
Membership No.018533
Place : Chennai
Date : May 5, 2014

For and on behalf of the Board

R. G. RAMACHANDRAN
Company Secretary

T. S. VENKATESAN
Director

J. SUBRAMANIAN
Director