

## 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
<b>Profit before depreciation &amp; tax</b>	<b>(1389.24)</b>	1090.30
Depreciation	2189.01	2210.32
<b>Profit / (Loss) before tax</b>	<b>(3578.26)</b>	(1120.02)
Prior Period Adjustments	-	-
Provision for tax	-	-
<b>Profit / (Loss) after tax</b>	<b>(3578.26)</b>	(1120.02)
Balance brought forward from Previous year	(6772.97)	(5652.95)
<b>Balance carried to Balance Sheet</b>	<b>(10351.23)</b>	(6772.97)

### 2. PERFORMANCE OF THE COMPANY

Revenue from operations for 2013-2014 is ₹ 5035.75 Lakhs against ₹ 4807.23 lakhs for the year 2012-13. Profit After Tax (PAT) for 2013-14 is ₹ (3578.25) lakhs against ₹ (1120.02) lakhs 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 ₹ 36362.82 and the net fixed assets stood at ₹ 25210.29

### 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

During the year the Company has incurred a sum of ₹ 9.90 Lakhs on any 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. Sunil Narayan Purohit resigned as a Manager of the Company with effect from December 16, 2013.

Consequent upon his resignation, Mr. Madan Mohan Vangara was appointed as the Manager of the Company with effect from December 16, 2013 under the Companies Act, 1956.

**11. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of your 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. R. Chandrasekaran constitute the Board of Directors of the Company.

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

Mr. R. Chandrasekaran, retires by rotation at the Ninth Annual General Meeting and being eligible offers himself for re-appointment.

**13. AUDIT COMMITTEE**

The Members of the Audit Committee are:

1. Mr. B. Ramakrishnan
2. Mr. T. S. Venkatesan; and
3. Mr. R. Chandrasekaran

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 Gianender & Associates., 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 :**

The Company has no Subsidiary Companies.

**16. INTERNAL AUDITORS**

M/s. M. K. Dandeker & Co. 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 your 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 :

**R. CHANDRASEKARAN**  
Director

**T. S. VENKATESAN**  
Director

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF L&T WESTERN ANDHRA TOLLWAYS LIMITED**

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **L&T WESTERN ANDHRA TOLLWAYS LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the statement of Profit and Loss and the 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 notified under the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

#### **AUDITOR'S 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 auditor's 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 financial statements 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**

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 of the Order.
2. As required by Section 227(3) of the Act, 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 appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Director is disqualified as on March 31, 2014, from being appointed as a director in terms of Para (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **GIANENDER & ASSOCIATES**  
*Chartered Accountants*  
*Firm Regn. No. 004661N*

**G. K. AGRAWAL**  
*Partner*  
*M NO. 081603*

Place : Chennai  
Date : May 6, 2014

**ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in paragraph 1 under the heading "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" of our report on even date

**Re: L&T WESTERN ANDHRA TOLLWAYS LIMITED**

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
b) The Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
c) According to the information and explanations given to us, during the year no substantial disposal of fixed assets of the Company has taken place which would have affected its going concern status.
- (ii) The Company is engaged in the business of infrastructure development and maintenance and hence Para 4 (ii) (a), (b) and (c) of the companies (Auditor's report) Order 2003 relating to inventory are not applicable.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 the provision of paragraph 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.  
(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the provision of paragraph 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for toll collection. During the course of our audit, we have not observed any major weakness in internal control system. Further, the provision of Paragraph 4(iv) with respect to sale of goods and purchase of inventory are not applicable to the Company.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, there are no particulars of contracts or arrangement during the year which are required to be entered in the register maintained pursuant to Section 301 of the Companies Act, 1956.  
(b) paragraph 4(ii)(b) of the said order is not applicable, as there are no such transactions during the year.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and relevant rules framed there under are not acceptable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of business.
- (viii) According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, are made and maintained.
- (ix) (a) The Company is generally regular in depositing all undisputed statutory dues relating to Income tax deducted at source, service tax and value added tax. We are informed that the provision of Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Wealth Tax, Custom duty, Excise Duty, Cess is not applicable to the Company. As per records produced before us, there are no undisputed dues which were outstanding as on March 31, 2014 for a period over six month from the date of same become payable.  
(b) According to information and explanation given to us, there are no statutory dues pending in respect of income-tax, sales tax, Value Added Tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute.
- (x) The Company has accumulated losses which are more than fifty percent of the net worth of the Company. However, the Company has not incurred cash losses both during the financial year and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's report) Order 2003 are not applicable.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transaction and contacts 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) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

L&T WESTERN ANDHRA TOLLWAYS LIMITED

- (xvi) According to the information and explanations given to us, and on the basis of books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that the term loan have been utilized for the purposes for which the loan were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, the Company has not made 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) According to the information and explanations given to us, the Company has not issued debentures during the year. Accordingly, no security or charge needs to be created.
- (xx) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **GIANENDER & ASSOCIATES**  
*Chartered Accountants*  
*Firm Regn. No. 004661N*

**G. K. AGRAWAL**  
*Partner*  
*M NO. 081603*

*Place : Chennai*  
*Date : May 6, 2014*

**BALANCE SHEET AS AT MARCH 31, 2014**

	Note No.	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	A	56,50,00,000		56,50,00,000	
Reserves & Surplus	B	(58,51,22,976)		(22,72,97,341)	
			(2,01,22,976)		33,77,02,659
<b>Non-current liabilities</b>					
Long-term borrowings	C(I)	2,46,43,69,996		2,58,44,51,748	
Long-term provisions	C(II)	45,70,249		10,49,51,118	
			2,46,89,40,245		2,68,94,02,866
<b>Current liabilities</b>					
Current maturities of long term borrowings	D(I)	12,00,81,752		5,70,49,252	
Trade payables	D(II)	77,74,485		77,09,652	
Other current liabilities	D(III)	2,24,45,262		2,54,24,572	
Short-term provisions	D(IV)	39,19,33,715		1,51,261	
			54,22,35,214		9,03,34,737
<b>TOTAL</b>			<b>2,99,10,52,483</b>		<b>3,11,74,40,262</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets					
Tangible Assets	E(I)	4,22,22,704		5,87,94,449	
Intangible Assets	E(II)	2,47,88,06,387		2,68,35,72,306	
Long-term loans and advances	E(III)	13,66,534		13,60,134	
			2,52,23,95,625		2,74,37,26,889
<b>Current Assets</b>					
Current investments	F(I)	27,64,62,934		23,27,65,568	
Cash and bank balances	F(II)	14,38,25,425		12,21,81,786	
Short-term loans and advances	F(III)	4,83,68,499		1,02,85,397	
Other current assets	F(IV)	-		84,80,622	
			46,86,56,858		37,37,13,373
<b>TOTAL</b>			<b>2,99,10,52,483</b>		<b>3,11,74,40,262</b>
<b>CONTINGENT LIABILITIES</b>	G				
<b>COMMITMENTS</b>	-				
<b>OTHER NOTES FORMING PART OF THE ACCOUNTS</b>	N				
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	O				

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Registration No: 04661N

By the hand of

**G. K. AGRAWAL**

Partner

Membership No. 081603

**MADAN MOHAN V.**

Manager

**R. CHANDRASEKARAN**

Director

**T. S. VENKATESAN**

Director

Place : Chennai

Date : May 6, 2014

Place : Chennai

Date : May 6, 2014

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

	Note No	2013-14 ₹	2012-13 ₹
<b>REVENUE</b>			
Revenue from Operations	H	50,35,75,171	48,07,23,325
Other Income	I	3,14,02,349	2,10,30,797
<b>Total Revenue</b>		<b>53,49,77,520</b>	<b>50,17,54,122</b>
<b>EXPENSES</b>			
Operating and Maintenance Expenses	J	34,42,18,625	10,33,99,416
Employee benefits expenses	K	88,24,607	97,82,515
Finance cost	L	27,07,47,605	26,16,64,010
Depreciation and Amortisation expense	E	21,89,01,809	22,10,32,455
Administrative and Other Expenses	M	5,01,10,509	1,78,77,858
<b>Total Expenses</b>		<b>89,28,03,155</b>	<b>61,37,56,254</b>
<b>Profit / (Loss) before Tax</b>		<b>(35,78,25,635)</b>	<b>(11,20,02,132)</b>
Tax expense:			
Current tax		-	-
Deferred tax		-	-
<b>Profit/(Loss) after Tax</b>		<b>(35,78,25,635)</b>	<b>(11,20,02,132)</b>
<b>Earnings per equity share</b>			
Basic EPS	N(6)	(6.33)	(1.98)
Diluted EPS		(6.33)	(1.98)
<b>Face value per equity share (₹)</b>		<b>10.00</b>	<b>10.00</b>
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>	<b>N</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>O</b>		

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Registration No: 04661N

By the hand of

**G. K. AGRAWAL**

Partner

Membership No. 081603

**MADAN MOHAN V.**

Manager

**R. CHANDRASEKARAN**

Director

**T. S. VENKATESAN**

Director

Place : Chennai

Date : May 6, 2014

Place : Chennai

Date : May 6, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	2013-14 ₹	2012-13 ₹
<b>A Cash Flow from operating activities</b>		
<b>Profit before tax (excluding extraordinary items)</b>	<b>(35,78,25,635)</b>	<b>(11,20,02,132)</b>
Adjustments for :		
Depreciation	21,89,01,809	22,10,32,455
Interest paid	27,07,47,605	26,16,64,010
Interest received	(2,18,28,265)	(1,29,44,924)
(Profit) / Loss on sale of investments	(94,67,584)	(80,75,373)
Non-Operating income	(1,06,500)	(10,500)
<b>Operating profit before working capital changes</b>	<b>10,04,21,430</b>	<b>34,96,63,536</b>
Adjustments For :		
(Increase) / Decrease in trade and other receivables	-	-
(Increase) / Decrease in Loans and Advances	(2,96,08,880)	(59,02,032)
Increase / (Decrease) in trade payables	(29,14,477)	1,04,90,331
Increase / (Decrease) in Provisions	29,14,01,585	5,43,94,322
<b>Cash generated from operations</b>	<b>35,92,99,658</b>	<b>40,86,46,157</b>
Direct taxes paid (net of refund)	-	-
<b>Net cash (used in) / generated from operating activities - A</b>	<b>35,92,99,658</b>	<b>40,86,46,157</b>
<b>B Cash flow from Investing activities :</b>		
Purchase/ adjustment of fixed assets	24,35,855	13,83,30,257
Profit from sale of investments	94,67,584	80,75,373
Purchase of investments	(4,36,97,366)	(17,84,62,468)
Investment in fixed deposits (maturity more than three months)	(2,84,51,493)	(77,47,708)
Maturity of Fixed deposits (maturity more than three months)	77,47,708	52,38,227
Other non-operating income	106,500	10,500
Interest received	2,18,28,265	1,29,44,924
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(3,05,62,945)</b>	<b>(2,16,10,895)</b>
<b>C Cash flow from financing activities</b>		
(Repayment) / proceeds from other borrowings	(5,70,49,252)	(4,78,66,000)
Interest paid	(27,07,47,605)	(26,17,20,437)
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(32,77,96,857)</b>	<b>(30,95,86,437)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>9,39,854</b>	<b>7,74,48,825</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>11,44,34,078</b>	<b>3,69,85,253</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>11,53,73,932</b>	<b>11,44,34,078</b>

**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.
- Previous years figures have been regrouped/reclassified wherever necessary
- Cash and cash equivalents consists of cash and bank balances. The Components of Cash and cash equivalents are:

Balances with banks:

-on current account

60,87,404

3,67,629

-on deposit account (maturity less than 3 months)

10,31,01,041

10,93,15,779

Cash in hand

61,85,487

47,50,670

Cash in Transit

-

-

**TOTAL****11,53,73,932****11,44,34,078**

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Registration No: 04661N

By the hand of

**G. K. AGRAWAL**

Partner

Membership No. 081603

**MADAN MOHAN V.**

Manager

**R. CHANDRASEKARAN**

Director

**T. S. VENKATESAN**

Director

Place : Chennai

Date : May 6, 2014

Place : Chennai

Date : May 6, 2014

**NOTES FORMING PART OF ACCOUNTS****NOTE A - SHARE CAPITAL****A(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	₹
<b>Authorized</b>				
60,00,000 Equity Shares of ₹ 10 each	<b>6,00,00,000</b>	<b>60,00,00,000</b>	6,00,00,000	60,00,00,000
<b>Issued, subscribed &amp; paid-up:</b>				
56,50,000 Equity Shares of ₹ 10 each fully paid up	<b>5,65,00,000</b>	<b>56,50,00,000</b>	5,65,00,000	56,50,00,000

**A(II) Reconciliation of the number of equity shares and share capital:****Equity Shares:**

Issued, Subscribed and fully paid up equity shares outstanding at the beginning of the period	<b>5,65,00,000</b>	<b>56,50,00,000</b>	5,65,00,000	56,50,00,000
Add : Shares issued during the year as fully paid	—	—	—	—
Issued, Subscribed and fully paid up equity shares outstanding at the end of the period	<b>5,65,00,000</b>	<b>56,50,00,000</b>	5,65,00,000	56,50,00,000

**A(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*)

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

Name of the share holder	Relationship	As at	As at
		31.03.2014	31.03.2013
		₹	₹
L&T Infrastructure Development Projects Limited and its nominees	Holding Company	<b>56,500,000</b>	<b>56,500,000</b>
Equity shares of ₹ 10 each fully paid up			

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

Particulars	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	<b>5,65,00,000</b>	<b>100.00</b>	5,65,00,000	100.00

**A(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****A(VII) Calls unpaid : NIL; Forfeited Shares : NIL**

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

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
<b>NOTE B - RESERVES &amp; SURPLUS</b>				
<b>Capital Reserve :</b>				
Positive Grant from NHAI				
As per the last Balance Sheet	45,00,00,000		45,00,00,000	
Add: Grant received during the year	-		-	
		45,00,00,000		45,00,00,000
<b>Other Reserves :</b>				
Surplus / (deficit) in the Statement of Profit and Loss				
As per the last Balance Sheet	(67,72,97,341)		(56,52,95,209)	
Add: Profit / (Loss) for the year	(35,78,25,635)		(11,20,02,132)	
		(1,03,51,22,976)		(67,72,97,341)
<b>TOTAL</b>		<b>(58,51,22,976)</b>		<b>(22,72,97,341)</b>
<b>NOTE C(I) - LONG TERM BORROWINGS</b>				
Secured term loans {Refer Note C(I)(a)}				
- Senior debt				
From Banks	99,00,00,000		1,04,22,50,000	
From Financial Institutions	1,16,39,69,996		1,22,54,01,748	
- Subordinate debt	31,68,00,000		32,00,00,000	
From Financial Institutions	31,04,00,000		31,68,00,000	
<b>TOTAL</b>		<b>2,46,43,69,996</b>		<b>2,58,44,51,748</b>

**C(I) (a) Details of Secured Term loans as at March 31, 2014**

Particulars	Rate of interest	Terms of repayment
- Senior debt		Repayable in 42 quarterly unequal installments from April 2013 till July 2023.
From Banks	Base Rate + Applicable Spread	
From Financial Institutions	G-Sec Rate + Applicable Spread	
- Subordinate debt		
From Financial Institutions	G-Sec Rate + Applicable Spread	

**C(I) (b) Nature of Security :**

Senior Debt:

The loan is secured by first 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, and hypothecation of tangible movable properties both present and future including all bank accounts of the Company and all Authorized investments or other securities representing all amounts credited in the bank accounts, book debts, uncalled share capital, intangible assets etc.

Subordinate Debt:

The loan is secured by first 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, and hypothecation of tangible movable properties both present and future including all bank accounts of the Company and all Authorized investments or other securities representing all amounts credited in the bank accounts, book debts, uncalled share capital, intangible assets etc.

**C(I) (c) Presentation of term loans in the Balance sheet is as follows:**

	As at 31.03.2014	As at 31.03.2013
	₹	₹
(i) Long term borrowings	2,46,43,69,996	2,58,44,51,748
(ii) Current maturities of long term borrowings	12,00,81,752	5,70,49,252
<b>TOTAL</b>	<b>2,58,44,51,748</b>	<b>2,64,15,01,000</b>

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

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>NOTE C(II) - LONG TERM PROVISIONS</b>		
Provision for Employee Benefits		
- Gratuity	4,54,865	3,74,962
- Compensated absence	4,67,802	5,76,156
Other Provisions		
Periodic major maintenance {Refer Note N(7)}	36,47,582	10,40,00,000
<b>TOTAL</b>	<b>45,70,249</b>	<b>10,49,51,118</b>
<b>NOTE D(I) - CURRENT MATURITIES OF LONG TERM BORROWINGS</b>		
Term loan - Senior debt - {Note no. C(I)(c)}		
- From Banks	5,22,50,000	2,47,50,000
- From Financial institutions	6,14,31,752	2,90,99,252
Term loan - Subordinate debt - {Note no. C(I)(c)}		
- From Financial institutions	64,00,000	32,00,000
<b>TOTAL</b>	<b>12,00,81,752</b>	<b>5,70,49,252</b>
<b>NOTE D(II) - TRADE PAYABLES</b>		
Due to		
- Holding Company	5,98,416	4,20,977
- Others	71,76,069	72,88,675
<b>TOTAL</b>	<b>77,74,485</b>	<b>77,09,652</b>
<b>Note D(II)(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.</b>		
<b>NOTE D(III) - OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on borrowings	1,24,80,598	1,21,30,353
Other payables		
- Due to Holding Company	23,69,064	-
- Due to Ultimate Holding Company	14,49,953	51,252
- Statutory liabilities	7,96,324	15,78,357
- Others	53,49,323	1,16,64,610
<b>TOTAL</b>	<b>2,24,45,262</b>	<b>2,54,24,572</b>
<b>NOTE D(IV) - SHORT TERM PROVISIONS</b>		
Provision for employee benefits		
- Gratuity	18,256	6,427
- Compensated absences	1,22,202	1,41,335
- Bonus	-	3,499
Other Provisions		
- Periodic major maintenance {Refer Note N(7)}	39,17,93,257	-
<b>TOTAL</b>	<b>39,19,33,715</b>	<b>1,51,261</b>



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

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>NOTE F(III) - SHORT TERM LOANS AND ADVANCES</b>		
Other Loans and advances		
Balances with Statutory / Govt authorities	-	14,03,380
Prepaid expenses	33,75,865	31,68,408
TDS Receivables	58,13,309	57,13,609
Mobilisation Advance given to L&T IDPL (the Holding Company)	3,91,79,325	-
<b>TOTAL</b>	<b>4,83,68,499</b>	<b>1,02,85,397</b>
<b>NOTE F(IV) - OTHER CURRENT ASSETS</b>		
Interest accrued but not due on commercial paper	-	84,80,622
<b>TOTAL</b>	<b>-</b>	<b>84,80,622</b>
<b>NOTE G - CONTINGENT LIABILITIES AND COMMITMENTS</b>		
Contingent liability in respect of bank guarantee given to lenders amounts to ₹ 8,45,00,000 (Previous year - Nil)		
	2013-14 ₹	2012-13 ₹
<b>NOTE H - REVENUE FROM OPERATIONS</b>		
Toll fee collections	50,35,75,171	48,07,23,325
<b>TOTAL</b>	<b>50,35,75,171</b>	<b>48,07,23,325</b>
<b>NOTE I - OTHER INCOME</b>		
Interest Income		
- On Bank Deposits	10,06,666	7,97,763
- On investments	2,08,21,599	1,21,47,161
Net gain/(loss) on sale of current investments	94,67,584	80,75,373
Other non-operating income (Net of expenses)		
- Miscellaneous receipts	1,06,500	10,500
<b>TOTAL</b>	<b>3,14,02,349</b>	<b>2,10,30,797</b>
	2013-14 ₹	2012-13 ₹
<b>NOTE J - OPERATING AND MAINTENANCE EXPENSES</b>		
Toll management fees	56,57,996	54,01,263
Security Services	37,57,139	39,41,329
Insurance	21,51,537	24,00,972
Repairs & maintenance		
-Toll Roads & bridges	2,71,56,686	2,26,13,045
-Plant & Machinery	30,07,911	60,50,407
-Periodic Major Maintenance	29,14,40,839	5,40,00,000
-Others	41,91,038	30,40,033
	<b>32,57,96,474</b>	<b>8,57,03,485</b>
Power & electricity	68,55,479	59,52,367
<b>TOTAL</b>	<b>34,42,18,625</b>	<b>10,33,99,416</b>

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

	2013-14	2012-13
	₹	₹
<b>NOTE K - EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages & bonus	77,81,705	84,32,294
Contribution to and Provision for		
-Provident fund and other funds	4,28,297	4,53,271
-Gratuity {Refer Note N(2)}	91,732	70,114
-Compensated absences {Refer Note N(2)}	(99,354)	3,20,709
Staff welfare expenses	6,22,227	5,06,127
<b>TOTAL</b>	<b>88,24,607</b>	<b>97,82,515</b>
<b>NOTE L - FINANCE COSTS</b>		
Interest expenses		
Interest on Term loans	27,03,03,663	26,10,25,761
Other borrowing cost	4,43,942	6,38,249
<b>TOTAL</b>	<b>27,07,47,605</b>	<b>26,16,64,010</b>
<b>NOTE M - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rates & taxes	2,83,75,019	77,445
Payment to auditor (including service tax) {Refer Note M(l) below}	6,93,710	5,17,172
Professional fees	1,28,19,591	1,11,80,656
Printing & Stationery	3,69,198	3,98,472
Postage & Communication	7,73,022	6,55,805
Travelling & Conveyance	35,75,252	28,87,317
Bank charges	3,61,669	13,02,140
Miscellaneous expenses	8,62,841	8,58,851
Loss on Sale of Fixed Asset	22,80,207	-
<b>TOTAL</b>	<b>5,01,10,509</b>	<b>1,78,77,858</b>
<b>M(l): PAYMENT TO AUDITOR</b>		
Payment to auditor		
- As Auditor	2,47,192	2,80,900
- for Taxation	92,697	56,180
- for Other services	3,53,821	1,80,092
<b>TOTAL</b>	<b>6,93,710</b>	<b>5,17,172</b>
<b>NOTE N - OTHER NOTES FORMING PART OF ACCOUNTS</b>		
<b>N(1) - Corporate Information</b>		
L&T Western Andhra Tollways Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 55 kms road on NH-7 from Jadcherla to Kothakotta in the state of Andhra Pradesh, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated January 2006 with National Highways Authority of India. The Company had completed construction on March 13, 2009 and started operation from that date. The total concession period is 20 years till the year 2027.		
<b>N(2) - Disclosures pursuant to Accounting Standard (AS) 15 (Revised) - Employee Benefits</b>		
(i) Defined contribution plan:		
An amount of ₹ 4,28,297 ( <i>previous year</i> : ₹ 4,53,271) 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.		

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

(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	4,73,121	3,81,389	5,90,004	7,17,491
Less : Fair value of plan assets				
Amount to be recognised as liability or (asset)	4,73,121	3,81,389	5,90,004	7,17,491
B) Amounts reflected in the Balance Sheet				
Liabilities	4,73,121	3,81,389	5,90,004	7,17,491
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	26,749	38,827	37,991	95,571
2 Interest on Defined benefit obligation	32,418	26,458	60,987	33,726
3 Expected return on plan assets	–	–	–	–
4 Actuarial losses/(gains)	32,565	4,829	(1,98,332)	1,91,412
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				
<b>Total (1 to 10)</b>	<b>91,732</b>	<b>70,114</b>	<b>(99,354)</b>	<b>3,20,709</b>
I Amount included in “employee benefit expenses”	91,732	70,114	(99,354)	3,20,709
II Amount included as part of “finance costs”				
<b>Total (I + II)</b>	<b>91,732</b>	<b>70,114</b>	<b>(99,354)</b>	<b>3,20,709</b>
Actual return on plan assets				

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	3,81,389	3,11,275	7,17,491	3,96,782
Add: Current service cost	26,749	38,827	37,991	95,571
Add: Interest cost	32,418	26,458	60,987	33,726
Add: Contribution by plan participants				
i) Employer				
ii) Employee				
Add/(less): Actuarial losses/(gains)	32,565	4,829	(1,98,332)	1,91,412
Less: Benefits paid			(28,133)	
Add: Past service cost				
Add: Business combinations/acquisition				
<b>Closing balance of the present value of defined benefit obligation</b>	<b>4,73,121</b>	<b>3,81,389</b>	<b>5,90,004</b>	<b>7,17,491</b>

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

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%

**N(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.

**N(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 transaction have taken place during the period**

L&T Infrastructure Development Projects Limited	Holding Company
Larsen & Toubro Limited	Ultimate Holding Company
L&T BPP Tollway Ltd	Fellow Subsidiaries
L&T Krishnagiri Walajahpet Tollway Limited	

**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
	₹	₹	₹	₹	₹	₹
<b>Holding Company</b>						
<b>L&amp;T Infrastructure Development Projects Limited</b>						
Services received	1,43,54,593	29,71,044	-	1,22,21,652	4,20,977	-
Mobilisation Advance for Major Maintenance	3,91,79,325		3,91,79,325	-	-	-
Reimbursement of Expenses	68,679	2,693	-	366	-	-
Reimbursement of Expenses received	2,98,432	-	6,257	-	-	-
<b>Ultimate Holding Company</b>						
<b>Larsen &amp; Toubro Limited</b>						
Reimbursement of Expenses to	72,94,558	82,706	-	83,41,942	51,252	-
Services received	17,83,209	13,67,247		2,02,248		
Reimbursement of Expenses received	3,466	-	-	-	-	-
<b>Fellow Subsidiaries</b>						
<b>L&amp;T BPP Tollway Limited</b>						
Reimbursement of Expenses to	1,17,132	-	-	-	-	-
<b>L&amp;T Krishnagiri Walajahpet Tollway Limited</b>						
Reimbursement of Expenses to	11,683	-	-	-	-	-

D. 51% of the shares of the Company held by L&T Infrastructure Development Projects Limited are pledged with Term lenders .

E. No amount due to/due from related parties has been written off/written back during the year.

**NOTES FORMING PART OF ACCOUNTS (Contd.)****N(5) - Disclosures pursuant to Accounting Standard (AS) 19 - "Leases "**

- The Company has not acquired any assets under Finance lease.
- The Company has not taken premises under cancellable operating lease.
- The Company has given on operating lease the residential 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.

**N(6) - Disclosures pursuant to Accounting Standard (AS) 20 - "Earnings per share"**

Particulars	2013-14	2012-13
	₹	₹
<b>Basic</b>		
Profit / (loss) after tax as per accounts	(35,78,25,635)	(11,20,02,132)
Weighted average no of shares outstanding	5,65,00,000	5,65,00,000
Basic EPS	(6.33)	(1.98)
<b>Diluted</b>		
Profit / (loss) after tax as per accounts	(35,78,25,635)	(11,20,02,132)
Weighted average no of shares outstanding for diluted EPS	5,65,00,000	5,65,00,000
<b>Diluted EPS</b>	(6.33)	(1.98)
Face value per share (₹)	10	10

**N(7) - Disclosures pursuant to Accounting Standard (AS) 29 - "Provisions, Contingent Liabilities and Contingent Assets"****a) Movement in provisions:**

Particulars	Major Maintenance Reserve
	₹
Opening Balance as at 01.04.2013	10,40,00,000
Additional provision during the year	29,14,40,839
Provision used/reversed during the year	-
Provision transferred due to transfer of business	-
Balance as at 31.03.2014	39,54,40,839
Represented as:	
- Long Term Provision	36,47,582
- Short Term Provision	39,17,93,257

**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 ₹ 29,14,40,839 for periodic Major Maintenance 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 contingent liabilities is given as part of Note G to the Balance Sheet.****N(8) - Impairment of assets**

Based on a review of the future discounted cash flows, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for impairment is made for in the accounts.

**N(9) - Foreign currency transaction****Expenditure: (Value of imports calculated on CIF Basis)**

Particulars	2013-14	2012-13
	₹	₹
Payment towards Toll System Service Support	9,90,274	Nil

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### N(10) Earnings in Foreign Currency

The Company do not have any earnings in the foreign currency during the current year. (Previous year - NIL)

### N(11) The Wealth Tax Act, 1957

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

### N(12) - Change in presentation

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

## NOTE O - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Accounting

"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 claims, which are not ascertainable / 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 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statement". The disclosure requirements with respect to the items in the Balance Sheet and the statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee.

### 3 Revenue recognition

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

#### A. Revenue from Operations

##### a. Service income

- i Revenue from Toll Collections are accounted for as and when the amount is due and recovery is certain.
- ii Income from the sale of smart cards are recognized as and when the amount is received from the users of the cards.

##### b. Other Operating Income

- i Other operational revenue represents income earned from activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

#### B. Other income

- a. Interest income is accrued at applicable interest rate on time proportion basis.
- b. Other items of income are accounted for as and when the right to receive arises.

### 4 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 as defined contribution plan. Provident fund contribution is made to State Government Recognized Provident Fund. The contribution paid/payable is recognized in the period in which the employee renders the related service.

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

## (b) Defined Benefit Plans:

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 the 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."

## (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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

**5 Tangible Fixed Assets**

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.

**6 Depreciation**

Depreciation on assets have been provided on straight-line basis at the rates specified in the schedule XIV of the Companies Act, 1956. Depreciation on additions/ deductions is calculated pro-rata from/ to the month of additions/ deductions.

	Category of Asset	Rate of Depreciation (%)
i	Furniture and fixture	10%
ii	Office equipment	25%
iii	Computers, Laptops and Printers	25%
iv	Desktops and laptops given to employees under the Company's Scheme	25%
v	Plant and Equipment	11.11%
vi	Motor Cars	14.29%
vii	Motor bike	9.50%
viii	Toll Equipments	14.29%
viii	Building - Residential	2.00%

Depreciation on additions/deductions is calculated on pro-rata basis from/to the month of additions/deletions.

Items below ₹ 5,000/- have been depreciated at the rate of 100%.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

**7 Intangible assets and amortisation**

Intangible Asset is recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Carriage ways represents Toll Collection Rights, which 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 carriage ways comprises of construction cost and other preoperative costs incurred during the implementation phase. Such carriage ways on completion are capitalized as Intangible Asset.

Administrative and other general overhead expenses that are directly attributable to acquisition / creation of intangible assets are allocated and capitalized as part of cost of the Intangible assets.

Toll Collection Rights are amortized over the period of rights given under the Concession Agreement as they represent right to collect Toll revenue during the concession period.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining period so as to allocate the asset's revised carrying amount over its remaining useful life.

**8 Investments**

Investments, which are readily realizable and are intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as long term investments.

Current investments are stated at lower of cost or market value. The determination of carrying amount of such investments is done on a weighted average cost of each individual investment.

Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary in nature.

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 9 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)

### 10 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.

### 11 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.

### 12 Borrowing costs

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.

In compliance of AS-16 "Borrowing Cost", income earned on temporary investments, out of funds borrowed which are intermitently surplus but inextricably linked with the project, is deducted from the related borrowing costs incurred.

### 13 Taxes on income

Tax on income for the current year 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 the 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 relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other 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.

### 14 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.

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 15 Leases

#### Operating Leases

- (i) Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to Statement of Profit & Loss on accrual basis.
- (ii) Rental income is recognized on accrual basis over the lease term.

#### Finance Lease

Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified 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.

### 16 Provisions, Contingent liabilities and contingent assets

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.

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.

Contingent Liability is disclosed in the case of

- (i) a present obligation arising from a past event, 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.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 17 Commitments

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

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for
- (ii) Uncalled liability on shares and other investments partly paid
- (iii) Funding related commitment to subsidiary, associate and joint venture companies and
- (iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### 18 Operating cycle for current/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.

### 19 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 and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Registration No: 04661N

By the hand of

**G. K. AGRAWAL**

Partner

Membership No. 081603

**MADAN MOHAN V.**

Manager

**R. CHANDRASEKARAN**

Director

**T. S. VENKATESAN**

Director

Place : Chennai

Date : May 6, 2014

Place : Chennai

Date : May 6, 2014