DIRECTORS' REPORT

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

I. FINANCIAL RESULTS

The key financial parameters for the period ended March 31, 2014 are submitted below:

Sl. No	Particulars	**2013-14 ₹ in Lakhs**	*2012-13 ₹ in Lakhs*
1	Income for the year	**7,085.62**	*5,980.37*
2	Less: Expenditure	**12,680.88**	*11,091.35*
3	**Profit Before Depreciation & Tax (PBDT)**	**(5,595.25)**	*(5,110.98)*
4	Less: Depreciation	**(4,342.00)**	*6,234.73*
5	**Profit / (Loss) before tax (PBT)**	**(1,253.25)**	*(11,345.70)*
6	Less: Provision for tax	**0.00**	*0.00*
7	**Profit / (Loss) after tax (PAT)**	**(1,253.25)**	*(11,345.70)*
8	Balance brought forward from previous year	**(12,941.69)**	*(1,595.98)*
9	**Balance carried to Balance Sheet**	**(14,194.94)**	*(12,941.69)*

II. PERFORMANCE OF THE COMPANY

The revenue of your Company rose to ₹ 7,085.62 lakhs for the year against ₹ 5,980.37 lakhs for the previous year 2012-13.

During the year, external rating of the Company has been raised from BBB- to BBB(CARE).

III. APPROPRIATION

The Directors wish to inform that there were no appropriations to any kind of specific Reserves of the Company during the year.

IV. DIVIDEND

The Directors of your Company express their inability to consider any dividend to be paid to the Shareholders of the Company for the year in the light of the losses incurred during the current financial period under review.

V. CAPITAL EXPENDITURE

Tangible Assets:

During the year, your Company has added fixed assets amounting to ₹. 40.45 lakhs. Consequently,the Gross fixed assets of the Company stood at ₹. 2,649.93 lakhs and assets sold/ written off during the year amounted to ₹.8.31 lakhs. The net fixed assets stood at ₹. 1,846.49 lakhs after charging off a depreciation to an extent of ₹. 803.43 lakhs as on March 31, 2014.

Intangible Assets:

During the year, your Company has added Intangible assets amounting to ₹. 29.33 lakhs. Consequently,the Gross Intangible assets of the Company stood at ₹. 102,885.80 lakhs and assets sold/ written off during the year amounted to ₹.157.33 lakhs. The net Intangible assets stood at ₹.100,843.49 lakhs after charging off a depreciation/amortization to an extent of ₹. 2,042.31 lakhs as on March 31, 2014.

VI. AUDITORS' REPORT

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

VII. DEPOSITS

The Company has not accepted any deposits from the public.

VIII. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT

There are no material changes that have taken place in the Company between the Date of the Balance Sheet and the Date of the Directors' Report.

IX. 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.

X. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary Company.

XI. 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 and of the profit/loss of the Company for the year ended on that date.
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 the 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 the Company.

XII. DIRECTORS:

Mr. T. S. Venkatesan, Director, who retires by rotation at this Annual General Meeting, being eligible, offer himself for reappointment.

The present Directors are as follows:

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Anilbhai Dave

XIII. AUDIT COMMITTEE

The Audit Committee consists of three non-executive Directors. The present members of the Committee are:

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Anilbhai Dave

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.

XIV. REMUNERATION COMMITTEE

The Remuneration Committee consists of three non-executive Directors. The present members of the Committee are:

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Anilbhai Dave

XV. STATUTORY AUDITORS:

M/s. Gianender & Co, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

Certificate from Auditors have been received to the effect that their appointment, if made, would be within the limits prescribed under the provisions of the Companies Act, 2013.

XVI. INTERNAL AUDITORS

M/s. Price Waterhouse Coopers Private Limited was appointed to carry out the Internal Audit of the Company for the Financial year 2013-14 .

The Board recommended to appoint M/S Grant Thornton, Chartered Accountants as an Internal Auditor of the Company for the financial year 2014-15.

XVII. INTERNAL CONTROL

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

XVIII. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

– **CONSERVATION OF ENERGY**

Since the Company is in Infrastructure business, conservation of energy, research and development, technology absorption does not apply.

– **TECHNOLOGY ABSORPTION**

There was no Technology Absorption during the year.

– **FOREIGN EXCHANGE EARNINGS AND OUTGO**

There were no earnings or outgo in terms of Foreign Exchange during the year 2013-14.

XIX. MAINTENANCE OF COST RECORDS COMPLIANCE REPORT

Pursuant to the provisions of rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a Maintenance of Cost Records 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.

XX. ACKNOWLEDGEMENTS:

The Directors acknowledge the invaluable support extended to the Company by the employees of the Company, staff and management of the parent company.

For and on behalf of the Board

Place : Chennai
Date : May 6, 2014

T S VENKATESAN
Director

MANOJ DAVE
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T RAJKOT-VADINAR TOLLWAY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T RAJKOT-VADINAR TOLLWAY LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the statement of Profit and Loss and the cashflow 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 year ended on that date.

Emphasis of Matter

We draw attention to the Note No. E{II}a, regarding change in the policy of amortization of intangible assets from straight line method to amortization based on 'Revenue Model' (in terms of Notification dated April 17, 2012 issued by the Ministry of Corporate Affairs for Toll based assets) resulting in the charge for the year being lower by ₹ 57,57,21,645/-. Had the Company continued to charge amortization based on straight line method for such asset, the loss for the year would have been higher by ₹ 105,68,73,671/- and the value of Toll Collection Rights would have been lower by the same amount.

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 Beliefs 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 reports 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 : Chenai
Date : May 6, 2014

ANNEXURE TO THE INDEPENDENT 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 RAJKOT - VADINAR TOLLWAY 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) (I) 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 us to us, there are no particulars of contracts or arrangements 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. Moreover the Company has incurred cash losses during the year as well as 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 other from banks or financial institutions.

(xvii) 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*	
		₹	₹	₹	₹
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	**A**	**1,100,000,000**		*1,100,000,000*	
Reserves and surplus	**B**	**(1,419,494,502)**		*(1,294,169,359)*	
			(319,494,502)		*(194,169,359)*
Non-current liabilities					
Long-term borrowings	**C(I)**	**10,143,945,813**		*9,332,121,148*	
Other Long-term liabilities	**C(II)**	**41,594,997**		*5,758,185*	
Long-term provisions	**C(III)**	**60,308,700**		*1,001,432*	
			10,245,849,510		*9,338,880,765*
Current liabilities					
Trade payables	**D(I)**	**5,801,468**		*–*	
Other current liabilities	**D(II)**	**382,065,314**		*793,302,986*	
Short-term provisions	**D(III)**	**213,321**		*250,551*	
			388,080,103		*793,553,537*
TOTAL			**10,314,435,111**		*9,938,264,943*
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	**E(I)**	**184,649,921**		*217,929,984*	
Intangible assets	**E(II)**	**10,084,349,016**		*9,626,167,010*	
			10,268,998,937		*9,844,096,994*
Long-term loans and advances	**F**		**1,181,597**		*1,192,597*
Current assets					
Current investments	**G(I)**	**1,000,000**		*–*	
Cash and bank balances	**G(II)**	**34,163,446**		*86,239,876*	
Short-term loans and advances	**G(III)**	**6,570,874**		*6,735,476*	
Other Current Assets	**G(IV)**	**2,520,257**		*–*	
			44,254,577		*92,975,352*
TOTAL			**10,314,435,111**		*9,938,264,943*
CONTINGENT LIABILITIES	**H**				
COMMITMENTS	**I**				
OTHER NOTES FORMING PART OF ACCOUNTS	**P**				
SIGNIFICANT ACCOUNTING POLICIES	**Q**				

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N
by the hand of

G. K. AGRAWAL
Partner
Membership No. 081603

Place : Chennai
Date : May 6, 2014

For and on behalf of the Board

T. S. VENKATESAN
Director

MANOJ DAVE
Director

Place : Chennai
Date : May 6, 2014

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

	Note No.	**2013-14**		*2012-13*	
		₹	₹	₹	₹
REVENUE					
Revenue from Operations	**J**	**692,761,907**		*592,551,376*	
Other income	**K**	**15,800,350**		*5,486,402*	
Total Revenue			**708,562,257**		*598,037,778*
EXPENSES					
Operating expenses	**L**	**204,471,282**		*158,065,039*	
Employee benefit expenses	**M**	**18,713,038**		*20,486,269*	
Finance costs	**N**	**1,019,075,050**		*918,223,085*	
Depreciation and amortisation	**E**	**(434,200,055)**		*623,473,187*	
Administration and other expenses	**O**	**25,828,085**		*12,361,093*	
Total Expenses			**833,887,400**		*1,732,608,673*
Profit/(loss) before tax			**(125,325,143)**		*(1,134,570,895)*
Profit/(loss) after tax for the year			**(125,325,143)**		*(1,134,570,895)*
Earnings per equity share (Basic and Diluted)	**P(7)**		**(1.14)**		***(10.31)***
Face value per equity share			**10.00**		*10.00*
Other notes forming part of accounts	**P**				
Significant accounting policies	**Q**				

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N
by the hand of

G. K. AGRAWAL
Partner
Membership No. 081603

Place : Chennai
Date : May 6, 2014

For and on behalf of the Board

T. S. VENKATESAN
Director

MANOJ DAVE
Director

Place : Chennai
Date : May 6, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

		2013-14 ₹	2012-13 ₹
A	**NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS**	**(125,325,143)**	(1,134,570,895)
	Adjustment for		
	Depreciation and amortisation expense	**(434,200,055)**	*623,473,187*
	Interest expense	**1,019,075,050**	*916,000,386*
	Interest income	**(273,261)**	*(3,471,432)*
	(Profit)/loss on sale of current investments(net)	**(13,761,202)**	(2,014,969)
	(Profit)/loss on sale of fixed assets	**–**	–
	Operating profit before working capital changes	**445,515,389**	*399,416,276*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**59,307,268**	–
	Increase / (Decrease) in other non current liability	**35,836,812**	–
	Increase / (Decrease) in trade payables	**5,801,468**	(3,333,040)
	Increase / (Decrease) in other current liabilitites	**(411,378,480)**	(1,715,336,317)
	Increase / (Decrease) in short term provisions	**(37,230)**	*(21,708)*
	(Increase) / Decrease in loans and advances	**175,602**	*122,249*
	(Increase) / Decrease in other current assets	**(2,520,257)**	–
	Net cash generated from/(used in) operating activities	**132,700,572**	*(1,319,152,540)*
	Direct taxes paid (net of refunds)	**–**	–
	Net Cash(used in)/generated from Operating Activities	**132,700,572**	*(1,319,152,540)*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	(Purchase) of fixed assets	**(6,979,255)**	(948,840,515)
	Sale of fixed assets	**1,581,773**	–
	Purchase of current investments	**(1,000,000)**	2,014,969
	Interest received	**14,034,463**	*3,471,432*
	Net cash (used in)/generated from investing activities	**7,636,981**	*(943,354,113)*
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from loan term borrowings	**827,537,115**	3,244,676,444
	Repayment of long term borrowings	**(876,048)**	–
	Interest paid	**(1,019,075,050)**	*(916,000,386)*
	Net cash (used in)/generated from financing activities	**(192,413,983)**	*2,328,676,058*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(52,076,430)**	*66,169,405*
	Cash and cash equivalents as at the beginning of the year	**86,239,876**	*20,070,471*
	Cash and cash equivalents as at the end of the year	**34,163,446**	*86,239,876*

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement" as specified in the Companies (Accounting Standards) Rules 2006.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.
4. Componenets of cash and cash equivalents :-

Particulars	₹	₹
Balances with banks:		
-on current account	**3,410,196**	5,086,029
-on Fixed Deposits with less than 3 months maturity	**21,313,652**	74,030,107
-Margin money deposit	**120,943**	131,264
Cash in hand and transit	**9,318,655**	6,992,476
	34,163,446	*86,239,876*

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N
by the hand of

G. K. AGRAWAL
Partner
Membership No. 081603

Place : Chennai
Date : May 6, 2014

For and on behalf of the Board

T. S. VENKATESAN *Director*

MANOJ DAVE *Director*

Place : Chennai
Date : May 6, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.2014		*As at 31.03.2013*	
	No. of Shares	₹	*No. of Shares*	₹
NOTE A: SHARE CAPITAL				
A(i) Authorised, issued, subscribed and paid up				
Authorised:				
11,00,00,000 Equity Shares of ₹ 10/- each	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*
Issued, subscribed and Paid up				
11,00,00,000 Equity Shares of ₹ 10/- each fully paid up	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*
A(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:				
Equity Shares:				
At the beginning of the year	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*
Issued during the year as fully paid	**–**	**–**		–
Outstanding at the end of the year	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*

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) Details of Shares held by Holding Company/Ultimate Holding Company/its Subsidiaries and/or their Associates:

Particulars	**As at 31.03.2014**		*As at 31.03.2013*	
	No. of Shares	₹	*No. of Shares*	₹
Holding Company				
L&T Infrastructure Development Projects Limited (including nominees holding)	**109,999,900**	**1,099,999,000**	*109,999,900*	*1,099,999,000*
Ultimate Holding Company				
Larsen and Toubro Limited	**100**	**1,000**	*100*	*1,000*
	110,000,000	**1,100,000,000**	*110,000,000*	*1,100,000,000*

A(V) Details of Shareholders holding more than 5% shares in the Company:

Particulars	**As at 31.03.2014**		*As at 31.03.2013*	
	No of Shares	%	*No of Shares*	%
L&T Infrastructure Development Projects Limited (including nominees holding)	**109,999,900**	**100**	*109,999,900*	*100*

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 TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
NOTE B : RESERVES & SURPLUS				
Surplus/(Deficit) as per Statement of Profit and loss:				
As per last Balance Sheet	**(1,294,169,359)**		*(159,598,464)*	
Add: Profit/(Loss) for the year	**(125,325,143)**		*(1,134,570,895)*	
		(1,419,494,502)		*(1,294,169,359)*
TOTAL		**(1,419,494,502)**		*(1,294,169,359)*
NOTE C(I) : LONG TERM BORROWINGS				
Secured term loans from banks (Refer notes C(I)(a))				
a) Term loans				
– Secured Loan				
– From banks		**8,252,245,813**		*7,950,421,148*
b) Loans and advances from related parties				
– **Unsecured Loan**				
Mezannine Debt from L&T Infrastructure Development Projects Limited (Holding Company)		**1,100,000,000**		*1,100,000,000*
Loan from L&T Infrastructure Development Projects Limited (Holding Company)		**791,700,000**		*281,700,000*
TOTAL		**10,143,945,813**		*9,332,121,148*

C(I)(a) Details of term loans as at March 31, 2014:

Particulars	Rate of Interest As at 31.03.2014	Terms of Repayment
-Secured Loan	Base rate + Applicable Spread	Repayable in 141 unequal monthly instalments from December 2012 to August 2024 at specified amounts.
-Unsecured Loan	RBI Bank rate	
-Mezzanine debt	Interest free loan	

C(I)(b) Nature of Security

A *pari passu* 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 futhure 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.

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

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
C(I)(c) Presentation of term loans in the Balance sheet is as follows:				
(i) Long term borrowings		**8,252,245,813**		*7,950,421,148*
(ii) Current maturities of long term borrowings		**15,712,450**		*876,048*
TOTAL		**8,267,958,263**		*7,951,297,196*
NOTE C(II) Other long-term liabilities				
Interest accrued but not due on borrowings		**41,594,997**		*5,758,185*
TOTAL		**41,594,997**		*5,758,185*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
NOTE C(III) LONG-TERM PROVISIONS				
Provision for Major Maintenance (Refer note P(9))		**59,374,000**		–
Gratuity (Refer note P(3)(ii))		**421,445**		*350,163*
Compensated absences (Refer note P(3)(ii))		**513,255**		*651,269*
TOTAL		**60,308,700**		*1,001,432*
NOTE D(I) TRADE PAYABLES				
Due to related parties :				
Holding Company		**591,089**		–
Others		**5,210,379**		
TOTAL		**5,801,468**		–

NOTE D(I)(A)

There have been no claimed transactions during the year *(previous year: Nil)* with Micro and small enterprises covered under the Micro, Small and Medium enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid/outstanding does not arise.

NOTE D(II) OTHER CURRENT LIABILITIES:				
Current maturities of long term debt (Refer note C(I)(c))		**15,712,450**		*876,048*
Interest accrued and due on borrowings		**1,690,774**		–
Statutory liabilities		**11,265,128**		*1,405,447*
Others				
Sundry Creditors	**12,748,412**		*38,111,577*	
Provision for expenses	**326,726,217**		*743,172,192*	
GSRDC Share payable	**11,055,603**		*9,509,632*	
Payable to ultimate holding company	**2,866,730**		*228,090*	
		353,396,962		*791,021,491*
TOTAL		**382,065,314**		*793,302,986*
NOTE D(III) SHORT TERM PROVISIONS:				
Provision for employee benefits				
Gratuity (Refer note P(3)(ii))	**8,938**		*4,214*	
Compensated absences (Refer note P(3)(ii))	**35,622**		*39,842*	
Bonus Provision	**168,761**		*206,495*	
		213,321		*250,551*
TOTAL		**213,321**		*250,551*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE E(I) : TANGIBLE ASSETS

Particulars	Cost				Depreciation				Book Value	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto March 31, 2013	For the year	Deductions / Adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Plant and Equipment	40,867,493	15,173	–	**40,882,666**	*5,792,414*	5,269,456	–	**11,061,870**	**29,820,796**	*35,075,079*
Furniture and fixtures	10,063,374	–	–	**10,063,374**	*1,271,519*	980,596	–	**2,252,115**	**7,811,259**	*8,791,855*
Vehicles	18,040,981	–	738,747	**17,302,234**	*3,359,821*	2,471,748	140,714	**5,690,855**	**11,611,379**	*14,681,160*
Office equipment	1,853,461	36,960	–	**1,890,421**	*1,000,442*	373,913	–	**1,374,355**	**516,066**	*853,019*
Toll Collection System	188,636,043	3,672,445	–	**192,308,488**	*31,335,808*	27,111,338	–	**58,447,146**	**133,861,342**	*157,300,235*
Computers, laptops and printers	2,317,288	321,150	92,250	**2,546,188**	*1,088,652*	455,880	27,423	**1,517,109**	**1,029,079**	*1,228,636*
Total	**261,778,640**	**4,045,728**	**830,997**	**264,993,371**	***43,848,656***	**36,662,931**	**168,137**	**80,343,450**	**184,649,921**	***217,929,984***
Previous year	*238,229,667*	*24,603,361*	*1,054,388*	*261,778,640*	*7,631,001*	*36,718,654*	*500,999*	*43,848,656*	*217,929,984*	

NOTE E(II) : INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	Upto March 31, 2013	For the year	Deductions / Adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Toll collection rights (Refer Note E(II(a))	10,301,379,932	2,933,527	15,733,036	**10,288,580,423**	*675,212,922*	104,740,130	575,721,645	**204,231,407**	**10,084,349,016**	*9,626,167,010*
Total	**10,301,379,932**	**2,933,527**	**15,733,036**	**10,288,580,423**	**675,212,922**	**104,740,130**	**575,721,645**	**204,231,407**	**10,084,349,016**	**9,626,167,010**
Previous year	*9,376,589,390*	*924,790,542*	*–*	*10,301,379,932*	*88,458,388*	*586,754,533*	*–*	*675,212,922*	*9,626,167,010*	

E(II)(A)

During the year ended March 31, 2014, the Company has revised its accounting policy of amortisation of intangible assets (Toll based projects executed under Build-operate-transfer mode) hitherto based on Straight Line Method for more appropriate presentation of the financial statements by adopting the Revenue Based Method specified in the notification dated April 17, 2012 issued by the Ministry of Corporate Affairs. Consequently, the difference of ₹ 57,57,21,645/- arose due to change in amortisation method has been taken to the Statement of Profit and Loss. Had the Company continued to charged amortisation based on straight line method for such asset, the loss for the year would have been higher by ₹ 105,68,73,671/- and the value of Toll Collection Rights would have been lower by ₹ 105,68,73,671/-.

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
NOTE F : LONG TERM LOANS AND ADVANCES				
Unsecured, considered good				
Security deposits	**1,227,597**		*1,192,597*	
(Less): Provision for Doubtful Advance	**(46,000)**		–	
		1,181,597		*1,192,597*
TOTAL		**1,181,597**		*1,192,597*
NOTE G(I) : CURRENT INVESTMENTS				
Investment in Mututal funds - Quoted		**1,000,000**		–
L&T Liquid Fund Growth (570.34 units of face value ₹ 1000)				
Book Value - ₹ 10,00,000				
Market value - ₹ 10,02,263				
TOTAL		**1,000,000**		–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
NOTE G(II) : CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks				
In current accounts		**3,410,196**		*5,086,029*
In deposit accounts with maturity less than three months (including interest accrued thereon)		**21,313,652**		*74,030,107*
Cash				
On hand		**4,841,015**		*4,716,146*
In Transit		**4,477,640**		*2,276,330*
Other bank balances				
Margin money deposit against bank guarantee issued (including interest accrued thereon) (Refer note G (II) (a))		**120,943**		*131,264*
TOTAL		**34,163,446**		*86,239,876*

G(II)(A) : Margin Money deposit given as security against bank guarantee issued to telecom department

NOTE G(III) : SHORT TERM LOANS AND ADVANCES				
Advance recoverable is cash and kind or value to be received		**5,993,274**		*6,479,569*
Advance tax (net of provisions)		**577,600**		*255,907*
TOTAL		**6,570,874**		*6,735,476*
NOTE G(IV) : OTHER CURRENT ASSETS				
Receivable				
L&T Devihalli Hassan Tollway Limited - fellow subsidiary		**2,520,257**		–
TOTAL		**2,520,257**		–

NOTE H : CONTINGENT LIABILITY

Bank guarantee issued in favour of President of India acting through telegraph authority ,Department of Telecommunications of ₹ 1,00,000 /-

NOTE I

Commitments as at March 31, 2014 ₹ Nil (previous year: ₹ Nil)

	2013-14		*2012-13*	
	₹	₹	₹	₹
NOTE J : REVENUE FROM OPERATIONS				
Operating revenue:				
Toll Collections	**806,725,507**		*682,216,325*	
(Less) : Revenue share to Gujarat State Road Development Corporation Limited	**(113,963,600)**		*(89,664,949)*	
		692,761,907		*592,551,376*
TOTAL		**692,761,907**		*592,551,376*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE K : OTHER INCOME				
Interest income from:				
Bank deposits		**273,261**		*52,527*
Short term capital gain		**13,761,202**		*2,014,970*
Other income		**1,765,887**		*3,418,905*
TOTAL		**15,800,350**		*5,486,402*
NOTE L : OPERATING EXPENSES				
Toll Management fees		**31,775,453**		*53,242,345*
Security services		**36,870,899**		*19,204,175*
Insurance		**7,055,549**		*4,199,226*
Repairs and maintenance				
Provision for Major Maintenance	**59,374,000**		–	
Toll road & bridges	**25,245,769**		*26,655,089*	
Plant and machinery	**4,375,495**		*1,656,930*	
Others	**15,424,029**		*25,243,163*	
		104,419,293		*53,555,182*
Professional fees		**16,918,652**		*18,725,800*
Power and fuel		**7,431,436**		*9,138,311*
TOTAL		**204,471,282**		*158,065,039*
NOTE M : EMPLOYEE BENEFIT EXPENSES				
Salaries, wages and bonus		**13,849,677**		*15,657,600*
Contributions to and provisions for:				
Provident fund (Refer P(3)(i))	**756,413**		*894,247*	
Gratuity (Refer P(3)(ii))	**76,006**		*(77,627)*	
Compensated absences (Refer P(3)(ii))	**(97,111)**		*399,217*	
		735,308		*1,215,837*
Staff welfare expenses		**4,128,053**		*3,612,832*
TOTAL		**18,713,038**		*20,486,269*
NOTE N : FINANCE COSTS				
Interest on borrowings		**980,719,228**		*842,810,785*
Other borrowing cost		**38,355,822**		*75,412,300*
TOTAL		**1,019,075,050**		*918,223,085*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	2013-14		2012-13	
	₹	₹	₹	₹
NOTE O : ADMINISTRATION AND OTHER EXPENSES				
Concession fee		**2**		*2*
Rent, Rates and taxes		**218,124**		*406,267*
Professional fees (Refer note (a) below)		**14,040,973**		*1,005,861*
Postage and communication		**1,295,512**		*1,369,915*
Printing and stationery		**1,148,818**		*1,168,830*
Travelling and conveyance		**2,811,529**		*6,141,236*
Corporate social responsibility expenses		**272,150**		–
Repairs and Maintenance - Others		**3,202,651**		*264,849*
Miscellaneous expenses		**2,838,326**		*2,004,133*
TOTAL		**25,828,085**		*12,361,093*

(a) Professional fees includes Auditors remuneration as follows:

	2013-14	2012-13
a) As auditor		
– Statuory audit	**220,000**	*200,000*
– Tax audit	**75,000**	*75,000*
b) For other services	**253,251**	*189,223*
Total	**548,251**	*464,223*

NOTE P(1) : CORPORATE INFORMATION

The Company is a Special Purpose Vehicle (SPV) and has been awarded on Build Operate and Transfer (BOT) basis, the widening of existing two-lane, 131.65 kilometers Road stretch covering Rajkot Jamnagar Vadinar to make it four lane divided Carriageway facility under Viability Gap Funding scheme of GOI and operation and maintenance thereof, under the Concession Agreement dated September 17, 2008. The Concession is for a period of 20 years including the construction period. At the end of the 20 years the entire facility will be transferred to Gujarat State Road Development Corporation Ltd. The Company achieved commercial operation on February 1, 2012 upon receipt of the provisional completion certificate.

NOTE P(2) : FOREIGN CURRENCY TRANSACTION

	2013-2014	2012-2013
	₹	₹
Expenditure: (Value of imports calculated on CIF basis)		
Purchase of Highway traffic management system and Toll software	**9,876,991**	–

Earnings

During the year the Company does not have any earnings in foreign currency.

NOTE P(3) : Disclosure pursuant to Accounting Standard (AS) 15 (revised) on “Employee benefits”:

(i) Defined contribution plan:

An amount of ₹ 7,56,413 *(previous year : ₹ 8,94,247)* being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note M) in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(ii) Defined benefit plans:

a) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
- Wholly funded	–	–	–	–
- Wholly unfunded	430,383	354,377	548,877	691,111
	430,383	354,377	548,877	691,111
Less : Fair value of plan assets	–	–	–	–
Amount to be recognised as liability or (asset)	430,383	354,377	548,877	691,111
B) Amounts reflected in the Balance Sheet				
Liabilities	430,383	354,377	548,877	691,111
Assets	–	–	–	–
Net Liability / (asset)	430,383	354,377	548,877	691,111

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

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
		₹	₹	₹	₹
1	Current service cost	157,386	190,731	110,510	190,111
2	Interest on Defined benefit obligation	28,705	36,720	54,153	34,197
3	Expected return on plan assets	–			
4	Actuarial losses/(gains)	(110,085)	(305,078)	(261,774)	82,962
5	Past service cost	–	–	–	92,148
6	Actuarial gain/(loss) not recognised in books	–	–	–	–
7	Adjustment for earlier years	–	–	–	–
Total (1 to 7)		**76,006**	**(77,627)**	**(97,111)**	**399,418**
I	Amount included in "employee benefit expenses"	76,006	(77,627)	(97,111)	399,418
II	Amount included as part of "finance costs"	–	–	–	–
Total (I + II)		**76,006**	**(77,627)**	**(97,111)**	**399,418**
Actual return on plan assets		**–**	**–**	**–**	**–**

c) 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 March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
		₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation		354,377	432,004	691,111	512,944
Add:	Current service cost	157,386	190,731	110,510	190,111
Add:	Interest cost	28,705	36,720	54,153	34,197
Add:	Contribution by plan participants				
	i) Employer	–	–	–	–
	ii) Employee	–	–	–	–
Add/(less):	Actuarial losses/(gains)	(110,085)	(305,078)	(261,774)	82,962
Less:	Benefits paid	–	–	45,123	221,251
Add: Past service cost		–	–	–	92,148
Closing balance of the present value of defined benefit obligation		**430,383**	**354,377**	**548,877**	**691,111**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

d) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2014	As at March 31, 2013
1) Discount rate	9.10%	8.10%
2) Salary growth rate	6.00%	6.00%
3) Attrition rate	5.00%	5.00%

NOTE P(4) : SEGMENT INFORMATION

The Company is engaged in the business of construction, operation and maintenance of Toll road project on a Build Operate Transfer basis in a single business segment. Hence reporting on primary segment does not arise. Further ,The Company has operations only in the state of Gujarat in India. Hence, disclosure of secondary / geographical segment information does not arise.

NOTE P(5) : Disclosure of related parties / related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures"

a) List of related parties with whom transactions have taken place during the year

Holding Company :	L&T Infrastructure Development Projects Limited
Ultimate Holding Company :	Larsen & Toubro Limited
Fellow Subsidiaries :	L&T Ahmedabad-Maliya Tollway Limited
	L&T Halol-Shamlaji Tollway Limited
	L&T Vadodara Bharuch Tollway Limited
	L&T BPP Tollway Limited
	L&T Samakhiali Gandhidham Tollway Limited
	L&T Panipat Elevated Corridor Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Great Eastern Highway Limited
	L&T Devihalli Hassan Tollway Limited
	L&T Interstate Road Corridor Limited
	L&T Transco Private Limited
	L&T Urban Infrastructure Limited
	PNG Tollway Limited
	L&T General Insurance Company Limited

b) Disclosure of related party transactions:

Particulars	2013-14	2012-13
	₹	₹
Holding Company		
L&T Infrastructure Development Projects Limited		
• Long Term Borrowings	**510,000,000**	*233,200,000*
• Promoters Mezznine debt	**–**	*473,349,000*
• Purchase of Goods & Services	**17,868,458**	*6,657,905*
• Interest on unsecured loan (Short fall funding)	**36,770,477**	*5,758,185*
• Reimbursement of Expenses to	**305,703**	*8,395,585*
• Reimbursement of Expenses from	**632,603**	*309,287*
Ultimate holding company		
Larsen & Toubro Limited		
• EPC Cost	**394,184,879**	*170,538,600*
• Purchase of Goods & Services	**2,911,809**	*–*
• Reimbursement of Expenses to	**3,391,410**	*3,426,283*
• Reimbursement of Expenses from	**2,349**	*1,703,827*
Fellow Subsidiaries		
L&T Ahmedabad-Maliya Tollway Limited		
• Reimbursement of expenses to	**804,640**	*1,274,805*
• Reimbursement of Expenses from	**33,690**	*–*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	2013-14	*2012-13*
	₹	₹
L&T Halol-Shamlaji Tollway Limited		
• Purchase of Goods & Services	**240,289**	–
• Reimbursement of expenses to	**–**	*214,200*
L&T Vadodara Bharuch Tollway Limited		
• Reimbursement of Expenses to	**441,921**	*388,416*
• Reimbursement of Expenses from	**36,895**	*32,892*
• Change money	**3,650,000**	*4,680,000*
L&T BPP Tollway Limited		
• Reimbursement of Expenses from	**57,101**	*198,366*
• Sale of Goods and Services	**42,328**	
L&T Krishnagiri Walajahpet Tollway Limited		
• Reimbursement of expenses to	**–**	*37,981*
L&T Panipat Elevated Corridor Limited		
• Reimbursement of expenses to	**–**	*9,195*
L&T Great Eastern Highway Limited		
• Reimbursement of Expenses from	**8,900**	*252,311*
L&T Devihalli Hassan Tollway Limited		
• Sale of Goods & Services	**2,111,622**	–
• Reimbursement of Expenses from	**408,635**	–
PNG Tollway Limited		
• Reimbursement of Expenses from	**25,911**	–
L&T General Insurance Company Limited		
• Purchase of Goods & Services	**5,379,510**	*6,581,054*

c) Amount due to and due from related parties(net):

	Amounts due (to)/from	
Particulars	**As at 31.03.2014**	*As at 31.03.2013*
	₹	₹
Holding Company		
L&T Infrastructure Development Projects Limited	(1,933,864,116)	(1,387,458,185)
Ultimate Holding Company		
Larsen & Toubro Limited	(2,866,730)	(228,090)
Fellow Subsidiaries		
L&T Devihalli Hassan Tollway Limited	2,520,257	–

d) No amounts pertaining to related parties have been written off or written back during the year. *(previous year: Nil)*

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

NOTE P(6) : Disclosure pursuant to Accounting Standard (AS) 19 "Leases"

(i) The Company has not acquired any assets under Finance lease .

(ii) The Company has not taken premises under cancellable operating lease.Thus nothing has been charged to the Statement of Profit and Loss during the current year . (Previous Year ₹ 2,81,194)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE P(7) : Disclosure pursuant to Accounting Standard (AS) 20 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earnings per share".

Particulars		2013-14	*2012-13*
		₹	₹
Basic and Diluted			
Profit after tax as per accounts (₹)	A	**(125,325,143)**	*(1,134,570,895)*
Weighted average number of shares outstanding	B	**110,000,000**	*110,000,000*
Basic and Diluted EPS (₹)	A / B	**(1.14)**	*(10.31)*
Face value per equity share (₹)		**10.00**	*10.00*

NOTE P(8) : Disclosure pursuant to Accounting Standard (AS) 28 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

NOTE P(9) : Disclosure pursuant to Accounting Standard (AS) 29 - " Provisions ,Contingent Liabilities and Contingent Assets "

(a) 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 (GSRDC) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances 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 Industry practice periodic maintenance is expected to occur over a period Seven years .The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching concept, based on estimates, a provision for major maintenance expenses is provided for in the books annually.

During the current year Company has provided ₹ 5,93,74,000 for periodic Major Maintenance in respect of its resurfacing obligation

(b) Movement in provision

Description	As on 01.04.2013	Addition during the year	Utilised during the year	As on 31.03.2014
Major Maintenance Provision	–	59,374,000	–	59,374,000

(c) Disclosure in respect of contingent liabilitites is given as part of Note no.(H) to Balance Sheet.

NOTE P(10) :

The Company operates in the infrastructure business sector which involves huge capital investments. The Company's networth 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.

NOTE P(11) : Previous year figures

Previous year figures has been reclassifed/ regrouped / rearranged wherever considered necessary to make them comparable.

NOTE Q : SIGNIFICANT ACCOUNTING POLICIES

NOTE Q(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. "

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE Q(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.

NOTE Q(3) : Revenue recognition

Revenue is recognized based on the nature of activity when consideration can be reasonable 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 regonised 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.

NOTE Q(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.

(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.

NOTE Q(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.

NOTE Q(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	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	14.29%
vi	Motor Cars	14.29%
vii	Motor bike	9.50%
viii	Toll Collection system	14.29%

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.

NOTE Q(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.

Amortisation is computed in accordance with 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 amortisation is being charged on the actual revenue collected vis-a-vis the estimated revenue to be collected during the entire 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.

NOTE Q(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.

NOTE Q(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)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE Q(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.

NOTE Q(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.

NOTE Q(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.

NOTE Q(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.

NOTE Q(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.

NOTE Q(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE Q(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.

NOTE Q(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.

NOTE Q(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.

NOTE Q(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 **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N
by the hand of

G. K. AGRAWAL
Partner
Membership No. 081603

Place : Chennai
Date : May 6, 2014

For and on behalf of the Board

T. S. VENKATESAN
Director

MANOJ DAVE
Director

Place : Chennai
Date : May 6, 2014