

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 ₹ Lakhs	2012-13 ₹ Lakhs
1	Income for the year	8,218.52	8,549.62
2	Less: Expenditure	15,291.28	13,358.63
3	Profit Before Depreciation & Tax (PBDT)	(7,072.75)	(4,809.01)
4	Less: Depreciation	(4,387.05)	7,704.10
5	Profit / (Loss) before tax (PBT)	(2,685.71)	(12,513.11)
6	Less: Provision for tax	0.00	0.00
7	Profit / (Loss) after tax (PAT)	(2,685.71)	(12,513.11)
8	Balance brought forward from previous year	(12,580.12)	(67.01)
9	BALANCE CARRIED TO BALANCE SHEET	(15,265.82)	(12,580.12)

II. PERFORMANCE OF THE COMPANY

The revenue of your Company fell down to ₹ 8,218.52 lakhs for the year against ₹ 8,549.62 lakhs for the previous year 2012-13.

Further, your Company has issued Redeemable Non-Convertible Debentures for an amount of ₹ 60 crores during the year to meet operational requirements.

III. APPROPRIATION

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

Since your Company has incurred losses during the year under review, no appropriation was made to the Debenture Redemption Reserve.

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

Fixed Assets:

During the year, your Company has added fixed assets amounting to ₹ 102.41 lakhs. Consequently, the Gross fixed assets of the Company stood at ₹ 3,107.40 lakhs and assets sold/ written off during the year amounted to ₹ 23.28 lakhs. The net fixed assets stood at ₹ 2,225.80 lakhs after charging off a depreciation/Amortization to an extent of ₹ 881.61 lakhs as on March 31, 2014.

Intangible Assets:

During the year, your Company has not added any Intangible assets. Consequently, the Gross Intangible assets of the Company stood at ₹ 126,636.53 lakhs and assets sold/ written off during the year amounted to ₹ 674.14 lakhs. The net Intangible assets stood at ₹ 124,182.91 lakhs after charging off a depreciation/Amortization to an extent of ₹ 2,453.62 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.

L&T HALOL - SHAMLAJI TOLLWAY LIMITED

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. H. K. Shah & 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. Grant Thornton was appointed to carry out the Internal Audit of the Company for the Financial year 2013-14.

The Board recommended to appoint Price Waterhouse Coopers Private Limited, 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 AUDITORS' REPORT

THE MEMBERS OF L&T HALOL-SHAMLAJI TOLLWAY LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General circular 15/2013 dated 13th September 2013 of the Ministry Of Corporate Affairs in respect of Section 133 of the companies Act, 2013. This responsibility include the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 misstatement 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 Act 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 Profit and Loss Account, of the profit /loss for the year ended on that date; and
- (c) in the 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 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, 1956 and Sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 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 and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of 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 directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and sub-section (2) of Section 164 of the Companies Act, 2013.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For H. K. SHAH & CO.,
Chartered Accountants
Firm Regn. No. 109583/W

Place: Ahmedabad
Date: May 6, 2014

H. K. SHAH
(Partner)
M. No. 042758

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the our report of even date, to the members of L&T HALOL - SHAMLAJI TOLLWAY LIMITED on the accounts for the year ended March 31, 2014, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We have been informed that, 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 nature of Company and nature of its assets. Discrepancies noticed on such verification have been properly dealt with books of account.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year so as to affect the going concern status.
- ii. The Company is engaged in the business of infrastructure development and its maintenance and hence the clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) orders, 2003 relating to inventory are not applicable.
- iii. (a) According to the information and the explanations given to us the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4 (iii) (a) to (d) does not arise
- (b) According to the information and the explanations given to us the Company has not accepted Unsecured Loan from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4 (iii) (e) to (g) does not arise
- iv. In our opinion and according to the information and the explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- iv. In our opinion and according to the information and the explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v. In our opinion and according to the information and the explanations given to us, there is no transaction that needs to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v) (b) does not arise.
- vi. The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence clause 4(vi) of the Companies (Auditor's Report) order 2003 is not applicable to the Company
- vii. Company has internal audit system commensurate with its size and nature of its business, however there is a scope of major improvement in the same, with regards to frequency, application of scope, schedule of reporting, issuing final report.
- viii. The Company is engaged in service activity and we were informed that maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 is not applicable to the Company.
- ix. (a) According to the information and explanations given to us, The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us there were no arrears of outstanding Statutory dues as at March 31, 2014 for the period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed statutory liabilities in respect of Income tax, Service Tax or any other Cess.
- x. Company has been registered for a period not less than five years, its accumulated losses at the end of the financial year 2013-14 are not less than fifty percent of its net worth and it has incurred cash losses in financial year 2013-14 and immediately preceding financial year 2012-13.
Accumulated Losses as on 31/03/2014 is ₹ 1,52,65,82,407/- (Reserve & Surplus Bal)
Cash Losses for F.Y. 2013-14 is ₹ 70,72,75,491/- (P&L Except Depreciation)
Cash Losses for F.Y. 2012-13 is ₹ 48,09,00,008/- (P&L Except Depreciation)
- xi. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or financial institution.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly reporting on paragraph 4(xii) of the order is not applicable.
- xiii. In our opinion the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore the provisions of any special statute applicable to the chit fund / nidhi/mutual benefit fund /societies are not applicable to the Company.
- xiv. In our Opinion and according to the information and the explanation given to us, though the Company is not dealing or trading in shares, securities, debentures and other investments, It Parks surplus funds in approved mutual fund investments & Fixed Deposits. In our Opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.
- xv. The Company has not given any guarantees for loans taken by others from bank or financial institutions.
- xvi. In our opinion and according to the information and the explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

L&T HALOL - SHAMLAJI TOLLWAY LIMITED

- xvii. According to the information and explanations given to us, the Company has not raised funds on short term basis. Accordingly, the provisions of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has issued non convertible debentures of ₹ 60,00,00,000/- (Rupees Sixty Crores Only) during the period secured by pari passu second charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present and future including book debt, cash & bank balance, stock-in-trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement. (From Note: C(1)(d) of Balance Sheet)
- xx. The Company has not raised any money by public issue during the period.
- xxi. During the course of our test basis examination of the books of account, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instances of major fraud on or by the Company, noticed or reported during the period.

For H. K. SHAH & CO.,
Chartered Accountants
Firm Regn. No. 109583/W

Place: Ahmedabad
Date: May 6, 2014

H. K. SHAH
(Partner)
M. No. 042758

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	A	1,30,50,00,000		1,30,50,00,000	
Reserves and surplus	B	(1,52,65,82,407)		(1,25,80,12,268)	
			(22,15,82,407)		4,69,87,732
Non-current liabilities					
Long-term borrowings	C(I)	12,40,99,00,004		11,90,87,00,000	
Other Long-term liabilities	C(II)	5,33,96,833		2,93,425	
Long-term provisions	C(III)	8,87,00,000		—	
			12,55,19,96,837		11,90,89,93,425
Current liabilities					
Trade payables	D(I)	3,53,50,303		7,19,31,422	
Other current liabilities	D(II)	43,47,26,016		91,45,66,637	
Short-term provisions	D(III)	14,88,532		14,20,939	
			47,15,64,851		98,79,18,998
TOTAL			12,80,19,79,281		12,94,39,00,155
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	22,25,79,666		25,72,73,189	
Intangible assets	E(II)	12,41,82,91,074		12,00,35,77,851	
			12,64,08,70,740		12,26,08,51,040
Long-term loans and advances	F(I)		17,43,907		17,52,157
Other non-current assets	F(II)		1,00,000		1,00,000
Current assets					
Current investments	G(I)	13,90,26,909		—	
Cash and bank balances	G(II)	1,27,69,553		67,40,13,166	
Short-term loans and advances	G(III)	74,68,172		71,83,792	
			15,92,64,634		68,11,96,958
TOTAL			12,80,19,79,281		12,94,39,00,155
CONTINGENT LIABILITIES					
	H				
Commitments					
	I				
Other notes forming part of accounts					
	P				
Significant accounting policies					
	Q				

As per our report attached
H. K. SHAH & CO.
Chartered Accountants
(Firm's Registration No. 109583/W)

H. K. SHAH
Partner
Membership No. 042758

Place : Ahmedabad
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

Particulars	Note No.	2013-14		2012-13	
		₹	₹	₹	₹
REVENUE					
Revenue from Operations	J	77,02,32,049		83,74,76,303	
Other income	K	5,16,20,377		1,74,86,688	
Total Revenue			82,18,52,426		85,49,62,991
EXPENSES					
Operating expenses	L	23,48,90,987		13,18,94,550	
Employee benefit expenses	M	2,51,90,408		2,09,23,786	
Administration and other expenses	N	3,78,65,550		3,56,26,636	
Finance costs	O	1,23,11,80,972		1,14,74,18,027	
Depreciation and amortisation [refer Note no. E(I) & E(II)]		(43,87,05,352)		77,04,10,936	
Total Expenses			1,09,04,22,565		2,10,62,73,935
Profit/(Loss) before tax			(26,85,70,139)		(1,25,13,10,944)
Tax Expense:					
Current tax			—		—
Profit/(Loss) after tax for the year			(26,85,70,139)		(1,25,13,10,944)
Earnings per equity share (Basic and Diluted)	P(9)		(2.06)		(9.59)
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
H. K. SHAH & CO.
Chartered Accountants
(Firm's Registration No.109583/W)

H. K. SHAH
Partner
Membership No. 042758

Place : Ahmedabad
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

Particulars	2013-14 ₹	2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax and extraordinary items	(26,85,70,139)	(1,25,13,10,944)
Adjustment for :		
Depreciation and amortisation expense	(43,87,05,352)	77,04,10,936
Interest expense	1,23,11,80,972	1,14,74,18,027
Interest income	(13,71,849)	(8,84,027)
(Profit)/loss on sale of current investments(net)	(4,77,97,211)	(1,65,50,858)
Operating profit before working capital changes	47,47,36,421	64,90,83,134
Adjustments For :		
Increase / (Decrease) in long term liabilities	5,31,03,408	(29,97,769)
Increase / (Decrease) in long term provisions	8,87,00,000	—
Increase / (Decrease) in trade payables	(3,65,81,119)	2,94,924
Increase / (Decrease) in other current liabilities	(63,63,40,621)	27,92,08,225
Increase / (Decrease) in short term provisions	67,593	(21,723)
(Increase) / Decrease in loan term loans and advances	8,250	—
(Increase) / Decrease in short term loans and advances	(2,84,380)	—
Net cash generated from/(used in) operating activities	(5,65,90,448)	92,55,66,791
Direct taxes paid (net of refunds)	—	—
Net Cash(used in)/generated from Operating Activities	(5,65,90,448)	92,55,66,791
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,02,40,629)	(1,12,74,45,621)
Sale of fixed assets	6,89,26,282	—
Purchase of current investments	(2,12,55,31,366)	(1,56,69,77,785)
Sale of current investments	2,03,43,01,671	1,58,35,28,643
Interest received	13,71,849	8,84,027
Net cash (used in)/generated from investing activities	(3,11,72,193)	(1,11,00,10,736)
C CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans from Banks & Financial Institutions	—	1,19,37,00,000
Issuance of Non-Convertible Debentures	60,00,00,000	—
Unsecured Loan taken	11,00,00,000	62,73,49,000
Repayment of long term borrowings	(5,23,00,000)	(94,00,000)
Interest paid	(1,23,11,80,972)	(1,14,75,82,461)
Net cash (used in)/generated from financing activities	(57,34,80,972)	66,40,66,539
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(66,12,43,613)	47,96,22,594
Cash and cash equivalents as at the beginning of the year	67,40,13,166	19,43,90,572
Cash and cash equivalents as at the end of the year	1,27,69,553	67,40,13,166

- 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.

As per our report attached
H. K. SHAH & CO.
Chartered Accountants
(Firm's Registration No.109583/W)

H. K. SHAH
Partner
Membership No. 042758

Place : Ahmedabad
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

	As at 31.03.2014		As at 31.03.2013	
	No of Shares	₹	No of Shares	₹
NOTE A: SHARE CAPITAL				
(i) Authorised, issued, subscribed and paid up				
Authorised:				
Equity shares of ₹ 10 each	13,10,00,000	1,31,00,00,000	13,10,00,000	1,31,00,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	13,05,00,000	1,30,50,00,000	13,05,00,000	1,30,50,00,000
TOTAL		1,30,50,00,000		1,30,50,00,000
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:				
At the beginning of the year	13,05,00,000	1,30,50,00,000	13,05,00,000	1,30,50,00,000
Issued during the year as fully paid	—	—	—	—
At the end of the year	13,05,00,000	1,30,50,00,000	13,05,00,000	1,30,50,00,000
(iii) Terms / rights attached to 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.				
(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:				
	As at 31.03.2014		As at 31.03.2013	
	No of Shares	₹	No of Shares	₹
L&T Infrastructure Development Projects Limited (Holding Company)	13,04,99,900	1,30,49,99,000	13,04,99,900	1,30,49,99,000
Larsen and Toubro Limited (Ultimate holding Company)	100	1,000	100	1,000
TOTAL	13,05,00,000	1,30,50,00,000	13,05,00,000	1,30,50,00,000
(v) Details of Shareholders holding more than 5% shares in the Company:				
	As at 31.03.2014		As at 31.03.2013	
	No of Shares	%	No of Shares	%
L&T Infrastructure Development Projects Limited (including nominee holding) (holding company)	13,04,99,900	100.00	13,04,99,900	100.00
(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL				
(vii) Calls unpaid : NIL; Forfeited Shares : NIL				

	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	(1,25,80,12,268)		(67,01,324)	
Add: Profit/(Loss) for the year	(26,85,70,139)		(1,25,13,10,944)	
		(1,52,65,82,407)		(1,25,80,12,268)
TOTAL		(1,52,65,82,407)		(1,25,80,12,268)

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE C(I) : LONG TERM BORROWINGS		
Secured Term Loans		
-From Banks	8,88,61,00,004	9,06,99,00,000
-From Financial Institutions	1,15,88,00,000	1,18,38,00,000
	10,04,49,00,004	10,25,37,00,000
Redeemable Non-Convertible Fixed Rate Debentures (600 Debentures of Face Value of ₹ 10,00,000/- each) [Secured by Second Charge as per note C(I)(d)]	60,00,00,000	—
Promoters Mezzanine Debt - Unsecured	1,30,50,00,000	1,30,50,00,000
Unsecured Loans from Holding Company (L&T Infrastructure Development Projects Limited)	46,00,00,000	35,00,00,000
TOTAL	12,40,99,00,004	11,90,87,00,000

C(I) (a) Details of Long Term Loans

Particulars	Rate of Interest As at March 31, 2014	Terms of Repayment
Secured Term Loans	Base rate of Allahabad Bank + Applicable spread"	Repayable in 141 monthly instalments from November 2012 to July 2025 at specified amounts.
Promoters Mezzanine Debt	Without any Interest	Quasi Equity in nature
Unsecured Loan from Holding Company	RBI Bank Rate	Repayable after payment of all Secured Borrowings

C(I) (b) Details of Non-Convertible Debentures (privately placed)

Particulars	Rate of Interest as at March 31, 2014	Terms of Repayment
Redeemable Non-Convertible Fixed Rate Debentures :	As per agreement	Redeemable on:
Series-A 300 Debentures of Face Value of ₹ 10,00,000/- each		April 2, 2015 Including redemption premium.
Series-B 300 Debentures of Face Value of ₹ 10,00,000/- each	As per agreement	July 15, 2015 Including redemption premium.

C(I) (c) Nature of Security for Term Loans

Above Term Loans are secured by pari passu first charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present & future including book debt, cash & bank balance, stock-in-trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement.

C(I) (d) Nature of Security for Non-Convertible Debentures

Above Non-Convertible Debentures are secured by pari passu Second charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present & future including book debt, cash & bank balance, stock-in-trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement.

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

Particulars	As at 31.03.2014	As at 31.03.2013
	₹	₹
(i) Long term borrowings	12,40,99,00,004	11,90,87,00,000
(ii) Current maturities of long term borrowings	20,88,00,000	5,23,00,000
TOTAL	12,61,87,00,004	11,96,10,00,000

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE C(II) - OTHER LONG-TERM LIABILITIES		
Interest accrued but not due on		
Unsecured Loan from Holding Company	1,07,52,449	2,93,425
(L&T Infrastructure Development Projects Ltd.)		
Redeemable Non-Convertible Fixed Rate Debentures	4,26,44,384	—
TOTAL	5,33,96,833	2,93,425

NOTE C(III) - LONG-TERM PROVISIONS		
Periodic Major Maintenance Provision [Refer Note P(12)]	8,87,00,000	—
TOTAL	8,87,00,000	—

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE D(I) - TRADE PAYABLES		
Due to Related parties :		
Ultimate Holding Company	40,46,213	13,81,995
-Larsen & Toubro Ltd.		
Holding Company	(5,31,622)	27,09,013
-L&T Infrastructure Development Projects Ltd.		
	35,14,591	40,91,008
Others	3,18,35,712	6,78,40,414
TOTAL	3,53,50,303	7,19,31,422

NOTE D(I) (a)

There have been no 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.

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE D(II) - OTHER CURRENT LIABILITIES		
Current Maturities of Long term Borrowings		
Secured Term Loans		
-From Banks	18,38,00,000	4,60,00,000
-From Financial Institution	2,50,00,000	63,00,000
	20,88,00,000	5,23,00,000
Statutory liabilities	1,61,71,617	16,98,042
Others	20,97,54,399	86,05,68,595
	22,59,26,016	86,22,66,637
TOTAL	43,47,26,016	91,45,66,637

NOTE D(III) : SHORT TERM PROVISIONS

Provision for employee benefits		
Gratuity (Refer note P(3) (ii))	6,65,812	5,56,478
Compensated absences (Refer note P(3) (ii))	8,22,720	8,64,461
	14,88,532	14,20,939
TOTAL	14,88,532	14,20,939

NOTES TO FINANCIAL STATEMENTS (Contd.)**NOTE E(I): TANGIBLE ASSETS**

Particulars	COST				DEPRECIATION				NET CARRYING VALUE	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	Up to 31.03.2013	For the year	Deductions	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
Owned										
Plant and Equipment	26,51,87,029	99,79,250	–	27,51,66,279	3,75,91,864	3,81,32,451	–	7,57,24,315	19,94,41,964	22,75,95,166
Furniture and fixtures	1,23,03,286	–	–	1,23,03,286	15,08,486	12,17,570	–	27,26,056	95,77,230	1,07,94,800
Vehicles	1,90,39,702	–	18,81,247	1,71,58,455	39,08,842	26,80,874	5,90,604	59,99,113	1,11,59,342	1,51,30,860
Office equipment	24,25,215	2,22,400	72,494	25,75,121	9,82,054	5,51,098	65,487	14,67,665	11,07,456	14,43,161
Computers, laptops and printers	38,73,423	38,979	3,74,567	35,37,835	15,64,221	8,16,722	1,36,781	22,44,162	12,93,673	23,09,202
Total	30,28,28,655	1,02,40,629	23,28,308	31,07,40,976	4,55,55,467	4,33,98,715	7,92,872	8,81,61,311	22,25,79,666	25,72,73,189
<i>Previous year</i>	4,50,16,243	26,08,25,527	30,13,115	30,28,28,656	34,69,335	4,28,21,922	7,35,790	4,55,55,467		
NOTE E(II): INTANGIBLE ASSETS										
Toll collection rights [Refer Note E(II)(a) and E(II)(b) below]	12,73,10,67,418	–	6,74,14,350	12,66,36,53,068	72,74,89,567	11,82,41,153	60,03,68,725	24,53,61,995	12,41,82,91,074	12,00,35,77,851
Total	12,73,10,67,418	–	6,74,14,350	12,66,36,53,068	72,74,89,567	11,82,41,153	60,03,68,725	24,53,61,995	12,41,82,91,074	12,00,35,77,851
<i>Previous year</i>	–	12,73,80,58,701	69,91,283	12,73,10,67,418	–	72,76,12,278	1,22,711	72,74,89,567		

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 10, 2012 issued by the Ministry of Corporate Affairs. Consequently, the difference between the accumulated amortisation computed as per the Straight Line Method and the accumulated amortisation as per the notified Revenue Based Method has been credited to the Statement of Profit and Loss. Had the Company continued to follow the accounting policy of amortisation based on straight line method for such assets, the profit for the year would have been lower by ₹ 120.96 crores (including write-back of ₹ 60.03 crores being difference in accumulated amortisation in respect of earlier years).

E(II) (b) * Deductions include reversal of excess provision of ₹ 6,71,92,333/- on March 31, 2014 towards EPC Bill on account of receipt of final bill and closure of EPC Contract.

* Two nos prefabricated Toll Booths included in Intangible Assets of ₹ 2,22,017/-transferred to Group company.

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE F (I) - LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security deposits	17,43,907	17,52,157
TOTAL	17,43,907	17,52,157
NOTE F (II) - OTHER NON-CURRENT ASSETS		
Margin money deposit against bank guarantee issued	1,00,000	1,00,000
TOTAL	1,00,000	1,00,000

NOTES TO FINANCIAL STATEMENTS (Contd.)

	Face Value per unit	Number of units As at 31-03-2014	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE G(I) : CURRENT INVESTMENTS				
Current Investment, Values at lower of cost or Market Value, Unless state otherwise				
Investment in Mutual funds - Quoted				
Reliance Liquidity Fund- Growth Plan (69994.70 units of NAV value ₹1929.10)	1,000	69994.70	13,50,26,909	—
DSP BlockRock Mutual Fund (2191.46 units of NAV value ₹.1825.27)	1,000	2191.46	40,00,000	—
TOTAL			13,90,26,909	—

Details of Quoted/Unquoted investments:

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Aggregate amount of Quoted current investment and market value thereof;		
Book Value	13,90,26,909	—
Market Value	13,92,91,928	—

NOTE G(II) : CASH AND BANK BALANCES**Cash and cash equivalents****Balances with banks**

In current accounts	81,47,583	39,06,361
In deposit accounts with maturity less than three months (including interest accrued thereon)	—	66,25,05,570

Cash on hand	46,21,970	76,01,235
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Other Bank balances

Margin Money deposit against Bank guarantee issued	1,00,000	1,00,000
Less: Margin money deposits for more than 12 months	(1,00,000)	(1,00,000)

TOTAL	1,27,69,553	67,40,13,166
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NOTE G(III) : SHORT TERM LOANS AND ADVANCES

Unsecured, considered good		
Others	74,68,172	71,83,792
TOTAL	74,68,172	71,83,792

NOTE H : CONTINGENT LIABILITIES

- (I) Bank guarantee in favour of Depart of Telecom ₹1,00,000/-
- (II) Revenue Share Claim based on realisable fee to GSRDC ₹ 8,570,994/- vide their letter dated December 18, 2012 and not considered as payable vide our office letter dated January 2, 2013.

NOTE I : COMMITMENTS

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2013-14		2012-13
	₹	₹	₹
NOTE J : REVENUE FROM OPERATIONS			
Operating revenue:			
Gross Toll Collections	86,73,93,487		93,27,05,538
Less : Revenue share to GSRDC *	(9,71,61,438)		(9,52,29,235)
Net Collections		77,02,32,049	83,74,76,303
TOTAL		77,02,32,049	83,74,76,303
*Gujarat State Road Development Corporation Ltd.			
NOTE K : OTHER INCOME			
Interest income from:			
Bank deposits	13,71,849		8,84,027
		13,71,849	8,84,027
Profit on sale of current investments		4,77,97,211	1,65,50,858
Other income		24,51,317	51,803
TOTAL		5,16,20,377	1,74,86,688
NOTE L : OPERATING EXPENSES			
Toll Management fees		3,79,14,864	5,28,66,527
Security services		1,44,96,958	2,30,77,043
Insurance		59,35,443	45,78,732
Repairs and maintenance			
-Toll road & bridge	2,67,74,165		1,46,25,484
-Periodical major maintenance provision	8,87,00,000		—
-Plant and machinery	72,80,370		10,03,747
-Others	63,18,989		4,25,304
		12,90,73,524	1,60,54,535
Professional fees		3,81,18,711	2,43,67,701
Power and fuel		93,51,488	1,09,50,012
TOTAL		23,48,90,988	13,18,94,550
NOTE M : EMPLOYEE BENEFIT EXPENSES			
Salaries, wages and bonus		2,02,01,434	1,72,67,315
Contributions to and provisions for:			
Provident fund (Refer P(3)(i))	9,88,795		11,19,880
Gratuity (Refer P(3)(ii))	1,09,334		(22,473)
Compensated absences (Refer P(3)(iii))	80,863		3,98,972
		11,78,992	14,96,379
Staff welfare expenses		38,09,982	21,60,092
TOTAL		2,51,90,408	2,09,23,786

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE N : ADMINISTRATION AND OTHER EXPENSES				
Concession fee and Lease fee	2		2	
Rent, Rates and taxes	12,80,856		1,19,648	
Professional fees (Refer note (a) below)	1,98,23,369		1,45,13,408	
Postage and communication	11,10,219		14,59,159	
Printing and stationery	12,89,023		3,85,768	
Travelling and conveyance	77,86,068		1,19,85,525	
CSR expenses	4,14,886		48,957	
Repairs and Maintenance - Others	8,13,599		6,20,194	
Miscellaneous expenses	53,47,528		64,93,975	
		3,78,65,550		3,56,26,636
TOTAL		3,78,65,550		3,56,26,636

(a) Professional fees includes Auditors remuneration (excluding service tax) as follows:

	2013-14	2012-13
	₹	₹
a) As auditor	2,71,183	2,53,183
b) For taxation matters	25,000	25,000
c) For other services	—	—
Total	2,96,183	2,78,183

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE O : FINANCE COSTS				
Interest on Term Loans	1,17,72,99,860		1,14,70,81,334	
Interest on Debentures	4,26,44,384		—	
Interest on Unsecured Loan	1,12,26,096		3,26,027	
Other	10,632		10,666	
		1,23,11,80,972		1,14,74,18,027
TOTAL		1,23,11,80,972		1,14,74,18,027

NOTE P: OTHER NOTES FORMING PART OF ACCOUNTS**P(1) Corporate Information**

The Company has been awarded a concession agreement by Gujarat State Road Development Corporation Limited (GSRDC) on Build Operate and Transfer (BOT) basis, the widening of existing two-lane, 173.06 kilometers Road stretch covering Halol-Godhra-Shamlaji to make it four lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, by way of the Concession Agreement dated September 17, 2008 executed between the Company and GSRDC.

The Concession is for a period of 20 years from the appointed date, September 12, 2009 including the construction period and ends on September 11, 2029. At the end of the concession period the entire facility will be transferred to GSRDC.

The Company has achieved commercial operation on April 4, 2012 for all the four Sections and started toll collection from the said date except for 7.40 Km road stretch of Godhra Bypass in Section-II for which commercial operation started from June 26, 2012."

P(2) Foreign Currency transaction

During the year, the Company has incurred ₹ 91,37,327 (previous year: ₹ 33,10,069) towards payment against purchase of toll equipments. These equipments were purchased and installed during the financial year 2012-13 and necessary provisions were made in the books of accounts.

NOTES TO FINANCIAL STATEMENTS (Contd.)**P(3) Disclosure pursuant to Accounting Standard (AS) 15 (revised) on "Employee benefits":****(i) Defined contribution plan:**

An amount of ₹ 9,88,795/- (*previous year : ₹ 11,19,880/-*) being contribution made to regional provident fund is recognised as expense and included under Employee benefit expense (Note M) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) 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	6,65,812	5,56,478	8,22,720	8,64,461
	6,65,812	5,56,478	8,22,720	8,64,461
Less : Fair value of plan assets	—	—	—	—
Amount to be recognised as liability or (asset)	6,65,812	5,56,478	8,22,720	8,64,461
B) Amounts reflected in the Balance Sheet				
Liabilities	6,65,812	5,56,478	8,22,720	8,64,461
Assets	—	—	—	—
Net Liability / (asset)	6,65,812	5,56,478	8,22,720	8,64,461

b) 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	2,20,309	2,10,764	1,66,023	1,79,019
2	Interest on Defined benefit obligation	45,075	48,442	65,056	33,578
3	Expected return on plan assets	—	—	—	—
4	Actuarial losses/(gains)	(1,56,050)	(2,81,679)	(1,50,216)	3,08,684
5	Past service cost	—	—	—	1,15,262
6	Actuarial gain/(loss) not recognised in books	—	—	—	—
7	Adjustment for earlier years	—	—	—	—
Total (1 to 7)		1,09,334	(22,473)	80,863	6,36,543
I	Amount included in "employee benefit expenses"	1,09,334	(22,473)	80,863	6,36,543
II	Amount included as part of "finance costs"	—	—	—	—
Total (I + II)		1,09,334	(22,473)	80,863	6,36,543
Actual return on plan assets		—	—	—	—

NOTES TO FINANCIAL STATEMENTS (Contd.)

- 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	5,56,478	5,69,905	8,64,461	5,77,833
Add: Current service cost	2,20,309	2,10,764	1,66,023	1,79,019
Add: Interest cost	45,075	48,442	65,056	33,578
Add: Contribution by plan participants				
i) Employer	—	—	—	—
ii) Employee	—	—	—	—
Add/(less): Actuarial losses/(gains)	(1,56,050)	(2,81,679)	(1,50,216)	3,08,684
Add: Transfer in obligations from NICE	9,046	15,680		
Less: Benefits paid	—	—	1,22,604	3,65,594
Add: Past service cost	—	—	—	1,15,262
Closing balance of the present value of defined benefit obligation	6,65,812	5,56,478	8,22,720	8,64,462

- 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% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages

P(4) Disclosure pursuant to Accounting Standard (AS) - 16 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year : ₹ Nil)

P(5) Segment Information

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

P(6) 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**a) List of related parties**

Holding Company :	L&T Infrastructure Development Projects Limited
Ultimate Holding Company :	Larsen & Toubro Limited
Fellow Subsidiaries :	L&T Ahmedabad-Maliya Tollway Limited
	L&T BPP Tollway Limited
	L&T Krishnagiri Thopur Tollway Limited
	L&T Panipat Elevated Corridor Limited
	L&T Port Kachchigarh Limited
	L&T Devihalli Hassan Tollway Limited
	PNG Tollway Limited
	L&T Rajkot-Vadinar Tollway Limited
	L&T Vadodara Bharuch Tollway Limited
	Narmada Infrastructure Construction Enterprise Ltd.
	L&T Krishnagiri Walajahpet Tollway Ltd.
	L&T Samakhiali Gandhidham Tollway Limited
	L&T General Insurance Company Limited

NOTES TO FINANCIAL STATEMENTS (Contd.)**b) Disclosure of related party transactions:**

Particulars	2013-14	2012-13
	₹	₹
Holding Company		
L&T Infrastructure Development Projects Limited		
• Unsecured Loan Taken	46,00,00,000	35,00,00,000
• Unsecured Loan Repaid	35,00,00,000	–
• Interest accrued on Unsecured Loan	1,12,26,096	3,26,027
• Purchase of goods and services	2,29,15,242	1,93,81,084
• Transfer of Fixed Assets	32,426	–
• Reimbursement of expenses to	25,92,202	12,97,961
• Reimbursement of expenses from	26,87,690	–
Ultimate holding Company		
Larsen & Toubro Limited		
• EPC Progressive Cost	58,86,85,075	6,56,29,428
• Purchase of goods and services	4,25,253	1,97,753
• Reimbursement of expenses to	45,90,954	29,13,380
Fellow Subsidiaries		
L&T Ahmedabad-Maliya Tollway Limited		
• Transfer of Fixed Assets	46,266	26,45,058
• Purchase of Fixed Assets	–	47,250
• Reimbursement of expenses to	14,17,961	–
L&T BPP Tollway Limited		
• Reimbursement of expenses from	56,631	2,47,324
• Reimbursement of expenses to	92,262	–
• Purchase of Fixed Assets	35,229	–
• Transfer of Fixed Assets	10,58,652	3,21,649
L&T Krishnagiri Thopur Tollway Limited		
• Reimbursement of expenses to	20,000	–
L&T Panipat Elevated Corridor Limited		
• Transfer of Fixed Assets	32,426	6,51,304
• Reimbursement of expenses from	7,400	–
• Reimbursement of expenses to	–	32,610
L&T Port Kachchigarh Limited		
• Reimbursement of expenses from	7,060	1,18,410
L&T Devihalli Hassan Tollway Limited		
• Transfer of Fixed Assets	5,34,456	28,67,544
• Reimbursement of expenses from	24,343	–
PNG Tollway Limited		
• Reimbursement of expenses from	1,16,771	–
• Transfer of Fixed Assets	19,348	2,14,200

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	2013-14	2012-13
	₹	₹
L&T Rajkot Vadinar Tollway Limited		
• Reimbursement of expenses from	12,000	–
• Transfer of Fixed Assets	2,28,289	2,14,200
L&T Vadodara Bharuch Tollway Limited		
• Reimbursement of expenses to	13,64,496	10,57,459
Narmada Infrastructre Construction Enterprise Ltd.		
• Reimbursement of expenses to	–	24,726
L&T Krishnagiri Walajahpet Tollway Ltd.		
• Reimbursement of expenses from	–	1,46,232
L&T Samakhiali Gandhidham Tollway Limited		
• Reimbursement of expenses from	8,00,000	8,052
• Reimbursement of expenses to	33,311	–
L&T General Insurance Company Limited		
• Purchase of services - Insurance	40,12,332	55,90,434

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

Particulars	Amounts due (to)/from	
	As at 31.03.2014	As at 31.03.2013
	₹	₹
Holding Company		
L&T Infrastructure Development Projects Limited		
-Share Capital	(1,30,49,99,000)	(1,30,49,99,000)
-Mezzanine Debt	(1,30,50,00,000)	(1,30,50,00,000)
-Unsecured Loan	(46,00,00,000)	(35,00,00,000)
-Interest on unsecured loan (net of tds)	(1,07,52,449)	(2,93,425)
-Sundry creditors	5,31,622	(27,09,013)
Ultimate Holding Company		
Larsen & Toubro Limited		
-Share Capital	(1,000)	(1,000)
-Sundry creditors	(40,46,213)	(13,81,995)
Fellow Subsidiaries		
L&T Port Kachchigarh Limited	1,25,470	1,18,410
L&T Devihalli Hassan Tollway Limited	4,52,895	Nil

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

e) The Holding Company L&T Infrastructure Development Projects Limited has issued Bank guarantees on behalf of L&T Halol-Shamlaji Tollway Limited of an amount of ₹ 30,00,00,000/- as Debt Service Reserve to lenders as per Common Loan Agreement and an amount of ₹ 8,08,80,000 as Maintenance Security to GSRDC required under Concession Agreement as on March 31, 2014.

P(7) Disclosure pursuant to Accounting Standard (AS) 19 “Leases”

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Accounting Standard (AS) 19 - “Leases” are not applicable.

P(8) Major components of deferred tax liabilities and deferred tax assets:

There is no deferred tax asset / liability to be reckoned as at the date of the Balance Sheet.

NOTES TO FINANCIAL STATEMENTS (Contd.)**P(9) 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	(26,85,70,139)	(1,25,13,10,944)
Weighted average number of shares outstanding	B	13,05,00,000	13,05,00,000
Basic and Diluted EPS (₹)	A / B	(2.06)	(9.59)
Face value per equity share (₹)		10.00	10.00

P(10) 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.

P(11) Debenture Redemption Reserve

As the Company does not have sufficient profits for the current year, Debenture Redemption Reserve is not created under Section 117C of the Companies Act, 1956.

P(12) 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 1-4-2013	—
Additional provision during the year	8,87,00,000
Provision used/reversed during the year	—
Provision transferred due to transfer of business	—
Balance as at 31-3-2014	8,87,00,000
Represented as:	
- Long Term Provision	8,87,00,000
- Short Term Provision	—

b) Nature of provisions:

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, the periodic maintenance is expected to occur over a period 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept, based on estimates, a provision for major maintenance expenses is provided for in the books annually.

c) Contingent Liabilities

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

P(13) Stores & Spares

Any purchase of stores and consumables is charged to Profit and Loss Account.

P(14)

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.

P(15) Previous Year Figures

Corresponding figures of previous year have been regrouped/reclassified wherever necessary.

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE Q 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"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) 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 year, 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 the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

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 Statements". The disclosure requirements with respect to items in the Balance Sheet and 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. Per share data are presented in Indian Rupees to two decimals places.

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

Revenue from Toll Collections are accounted for as and when the amount is due and recovery is certain.

b. Other Operating Income

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 payable wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus, exgratia are recognized in the period in which the employee renders the related service.

ii. Post employment benefits

(a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is Defined Contribution Plans. The contribution paid/payable under the scheme is recognized during 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 Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

iii. Long term employee benefits:

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

However where the rate of depreciation provided in Schedule XIV of the Companies Act, 1956 does not depreciate the asset fully over the period of concession, such tangible assets are depreciated over the period of rights given under the Concession Agreement.

Where there is a revision of the estimated useful life of an asset, the unabsorbed depreciable amount is charged over the revised remaining useful life."

The following asset categories are depreciated at higher rates in line with their estimated useful life.

	Category of Asset	Rate of Depreciation (%)
i	Furniture and fixture	10%
ii	Office equipment	25%
iii	Computers - Desktops and laptops	25%
iv	Plant and Equipment	14.29%
v	Motor Cars	14.29%
vi	Motor bike	9.50%

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.

Items below ₹ 5000/- have been depreciated at the rate of 100%.

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.

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

Carriage ways representing Toll Collection Rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such Carriage ways comprises construction cost and other preoperative costs incurred during the implementation phase being shown as Intangible asset. Such Carriage ways on completion are capitalized as Intangible Asset as they represent right to collect Toll revenue during the concession period.

Intangible assets are amortized as per the criteria specified in Accounting Standard (AS) 26 Intangible Assets as specified in the Companies (Accounting Standards) Rules, 2006.

However with respect to Toll collection rights, w.e.f., 1st January 2014 the amortisation policy is retrospectively changed from Straight line method to Revenue based amortization method prescribed in Ministry of Corporate Affairs (MCA) notification dated April 17, 2012 for companies engaged in the business of development of highways under Build, Operate and Transfer, Build, Own Operate and Transfer and other modes of Public Private Partnership route.

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.

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

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.

NOTES TO FINANCIAL STATEMENTS (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, 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.

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

The Company is engaged only in the business of developing and operating the Roads, Bridges and Bypass road. 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 also does not arise.

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) Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.

NOTES TO FINANCIAL STATEMENTS (Contd.)

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) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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
H. K. SHAH & CO.
 Chartered Accountants
 (Firm's Registration No. 109583/W)

H. K. SHAH
 Partner
 Membership No. 042758

Place : Ahmedabad
 Date : May 6, 2014

For and on behalf of the board

T. S. VENKATESAN
 Director

MANOJ DAVE
 Director

Place : Chennai
 Date : May 6, 2014