

DIRECTORS' REPORT

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

I. FINANCIAL RESULTS

The Project is in the Construction phase and hence there is no income for the year and any resultant Profit and Loss. Capital receipts by way of toll collected during the year, amounting to ₹ 9,028.27 lacs, have been utilised for development and implementation of the Project.

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

Sl. No	Particulars	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
1	Gross Fixed Assets	308.41	301.66
2	Depreciation	223.14	194.80
3	Pre-Operative expenses pending capitalisation	20,058.18	9,850.09
4	Capital work in progress	3,06,806.04	2,85,807.97
5	Profit / (Loss) before tax (PBT)	NIL	NIL
6	Provision for tax	NIL	NIL
7	Profit / (Loss) after tax (PAT)	NIL	NIL

II. PERFORMANCE OF THE COMPANY

The average daily collection of the Company increased by 3.92% from ₹ 23.95 lacs in 2012-13 to ₹ 24.73 lacs in 2013-14. Toll Collected during construction are capital receipts in nature and are treated as a means of funding the project construction.

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. DIVIDENDS:

The Directors of your Company express their inability to consider any dividend to be paid to the Shareholders of the Company for the year.

V. CAPITAL EXPENDITURE

As at March 31, 2014, the Gross Fixed Assets (Tangible) stood at ₹ 308.41 lacs and the Net Fixed Assets are ₹ 85.26 lacs. The Capital Work in Progress Stood at ₹ 357.35 and Intangible Assets under development stood at ₹ 326,506.88 lacs.

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. R Chandrasekaran, Director of the Company retires at the forthcoming Annual General Meeting and offers himself for reappointment

The Board of Directors as on 31.03.2014 is as follows:

- Mr. T. S. Venkatesan
- Mr. Karthikeyan T V
- Mr. R. Chandrasekaran

XIII. AUDIT COMMITTEE

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

- Mr. T. S. Venkatesan
- Mr. Karthikeyan T V
- Mr. R. Chandrasekaran

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

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

XIV. REMUNERATION COMMITTEE

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

- Mr. T. S. Venkatesan
- Mr. Karthikeyan T V
- Mr. R. Chandrasekaran

XV. STATUTORY AUDITORS

The Auditors, M/s. Gianender and Associates, Chartered Accountants, statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Certificate from Auditors have been received to the effect that their appointment, if made, would be within the limits prescribed under 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 proposed 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

During the year, the Company has incurred foreign currency expenditure on progress payments for tolling equipment of ₹ 85.82 lacs and there are no foreign exchange earnings.

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 valuable 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

KARTHIKEYAN T. V.
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting standards notified under the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014,
- b) in the case of statement of Profit and Loss, of no loss - no profit for the year ended on the date; and
- c) in case of the Cash flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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

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

Place : Chennai
Date : May 6, 2014

G. K. AGRAWAL
Partner
M. No. 081603

ANNEXURE TO THE AUDITORS' REPORT

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

Re: L&T SAMAKHIALI GHANDIDHAM 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) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for toll collection. During the course of our audit, we have not observed any major weakness in internal control system. Further, the provision of Paragraph 4(iv) with respect to sale of goods and purchase of inventory are not applicable to the Company.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, there are no particulars of contracts or arrangement during the year which are required to be entered in the register maintained pursuant to Section 301 of the Companies Act, 1956.
- b) paragraph 4(ii)(b) of the said order is not applicable, as there are no such transactions during the year.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and relevant rules framed there under are not acceptable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of business.
- (viii) According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, are made and maintained.
- (ix) (a) The Company is generally regular in depositing all undisputed statutory dues relating to Income tax deducted at source, service tax and value added tax. We are informed that the provision of Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Wealth Tax, Custom duty, Excise Duty, Cess is not applicable to the Company. As per records produced before us, there are no undisputed dues which were outstanding as on March 31, 2014 for a period over six month from the date of same become payable.
- b) According to information and explanation given to us, there are no statutory dues pending in respect of income-tax, sales tax, Value Added Tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute.
- (x) The Company is in existence for a period less than five years; hence reporting requirements under Para 4(x) of the Companies (Auditor's report) Order 2003 are not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's report) Order 2003 are not applicable.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transaction and contacts for the investment in mutual funds and are updated on a timely basis. The investments have been held by the Company in its own name.

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, and on the basis of books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that the term loan have been utilized for the purposes for which the loan were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) According, to the information and explanations given to us, the Company has not issued debentures during the year. Accordingly, no security or charge needs to be created.
- (xx) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

G. K. AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : May 6, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	A	80,54,00,000		80,54,00,000	
Reserves and surplus	B	(3,58,500)		(3,58,500)	
			80,50,41,500		80,50,41,500
Non-current liabilities					
Long-term borrowings	C(I)	31,34,69,05,039		28,02,83,82,247	
Other long-term liabilities	C(II)	1,85,09,233		2,83,071	
Long-term Provisions	C(III)	9,72,975		7,31,125	
			31,36,63,87,247		28,02,93,96,443
Current liabilities					
Other current liabilities	D(I)	98,68,63,944		1,30,59,09,756	
Short-term provisions	D(II)	35,126		23,729	
			98,68,99,070		1,30,59,33,485
TOTAL			33,15,83,27,817		30,14,03,71,428
ASSETS:					
Non-current assets					
Fixed assets					
- Tangible assets	E(I)	85,26,415		1,06,85,610	
- Capital work-in-progress	E(II)	3,57,34,642		1,83,40,883	
- Intangible Assets under Development	E(III)	32,65,06,87,711		29,54,74,65,425	
			32,69,49,48,768		29,57,64,91,918
Long-term loans and advances	F(I)	4,09,50,832		50,58,94,923	
Other non-current assets	F(II)	3,20,00,000		50,00,000	
			7,29,50,832		51,08,94,923
Current assets					
Current investments	G(I)	35,86,06,581		—	
Cash and bank balances	G(II)	1,43,33,923		1,13,78,007	
Short-term loans and advances	G(III)	1,23,56,585		3,76,07,991	
Other Current Assets	G(IV)	51,31,128		39,98,589	
			39,04,28,217		5,29,84,587
TOTAL			33,15,83,27,817		30,14,03,71,428
CONTINGENT LIABILITIES					
Commitments	H				
Other notes forming part of accounts	I				
Significant accounting policies	J				
	K				

As per our report of even date attached

For and on behalf of the Board

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

G. K. AGRAWAL
Partner
Membership No. 081603

CHANDRASHEKHAR N. DOIPHODE
Manager

T. S. VENKATESAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : May 6, 2014

Place : Chennai
Date : May 6, 2014

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

		2013-14		2012-13	
	Note	₹	₹	₹	₹
REVENUE					
Revenue from Operations			-		-
Other income			-		-
Total Revenue			-		-
EXPENSES					
Operating expenses			-		-
Employee benefit expenses			-		-
Finance costs			-		-
Depreciation and amortisation			-		-
Administration and other expenses			-		-
Total Expenses			-		-
Profit/(Loss) before tax			-		-
Tax Expense:					
Profit/(Loss) after tax for the year			-		-
Earnings per equity share (Basic and Diluted)			-		-
Face value per equity share			10.00		10.00
OTHER NOTES FORMING PART OF ACCOUNTS	J				
Significant accounting policies	K				

As per our report of even date attached

For and on behalf of the Board

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

G. K. AGRAWAL
Partner
Membership No. 081603

CHANDRASHEKHAR N. DOIPHODE
Manager

T. S. VENKATESAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : May 6, 2014

Place : Chennai
Date : May 6, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	2013-14 ₹	2012-13 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (Loss) before tax and extraordinary items	—	—
Operating profit before working capital changes	—	—
Prior Period Adjustment	—	—
Net cash from operating activities	—	—
B CASH FLOW FROM INVESTING ACTIVITIES		
Increase / (Decrease) in long term provisions	2,41,850	4,18,802
Increase / (Decrease) in other current liabilities	(31,90,45,812)	40,14,97,956
Increase / (Decrease) in long term liabilities	1,82,26,162	(67,61,68,768)
Increase / (Decrease) in short term provisions	11,397	514
(Increase) / Decrease in long term loans and advances	46,49,44,091	37,01,50,152
(Increase) / Decrease in other non-current assets	(2,70,00,000)	(50,00,000)
(Increase) / Decrease in Other Current assets	(1,132,539)	—
(Increase) / Decrease in short term loans and advances	2,52,51,406	(2,42,80,567)
Purchase of fixed assets	(3,11,84,56,850)	(2,73,23,32,130)
Purchase of current investments	(35,86,06,581)	(1,02,38,48,837)
Sale of current investments	—	1,02,38,48,837
Net cash (used in)/generated from investing activities	(3,31,55,66,876)	(2,66,57,14,041)
C CASH FLOW FROM FINANCING ACTIVITIES		
Promoter's Mezzanine Debt received	3,00,00,000	5,50,00,000
Unsecured Loan received	—	22,51,00,000
Proceeds from long term borrowings	3,32,61,22,792	2,55,00,00,000
Repayment towards long term borrowings	(3,76,00,000)	(22,51,00,000)
Interest paid	—	—
Net cash (used in)/generated from financing activities	3,31,85,22,792	2,60,50,00,000
Net increase / (decrease) in cash and cash equivalents (A+B+C)	29,55,916	(6,07,14,041)
Cash and cash equivalents as at the beginning of the year	1,13,78,007	7,20,92,048
Cash and cash equivalents as at the end of the year	1,43,33,923	1,13,78,007

NOTES

- 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.
- Cash and cash equivalents represent cash and bank balances.
- Previous year's figures have been regrouped/reclassified wherever applicable.

Particulars	2013-14 ₹	2012-13 Rupees
Balances with banks:		
-on current account	88,53,191	35,91,967
-on Fixed Deposits with less than 3 months maturity	—	—
Cash in hand	54,80,732	77,86,040
TOTAL	1,43,33,923	1,13,78,007

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm's Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

CHANDRASHEKHAR N. DOIPHODE

Manager

T. S. VENKATESAN

Director

KARTHIKEYAN T. V.

Director

Place : Chennai

Date : May 6, 2014

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	₹
A SHARE CAPITAL				
(i) Authorised, issued, subscribed and paid up				
Authorised:				
Equity shares of ₹ 10 each	12,00,00,000	1,20,00,00,000	12,00,00,000	1,20,00,00,000
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid up	8,05,40,000	80,54,00,000	8,05,40,000	80,54,00,000
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:				
	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	8,05,40,000	80,54,00,000	8,05,40,000	80,54,00,000
Issued during the year as fully paid	—	—	—	—
At the end of the year	8,05,40,000	80,54,00,000	8,05,40,000	80,54,00,000
(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.				
During the year ended 31st March 2014, no dividend is declared by Board of Directors (Previous Year ₹ Nil).				
(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 (including nominees holding) (Holding Company)	8,05,27,000	80,52,70,000	8,05,08,133	80,50,81,330
Larsen and Toubro Limited (Ultimate Holding Company)	13,000	1,30,000	13,000	1,30,000
L&T Transco Private Limited (Fellow subsidiary company)	—	—	18,867	1,88,670
	8,05,40,000	80,54,00,000	8,05,40,000	80,54,00,000
(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 nominees holding) (Holding Company)	8,05,27,000	100	8,05,08,133	100
(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				

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
B RESERVES & SURPLUS				
Surplus/(Deficit) as per Statement of Profit and loss:				
As per last Balance Sheet	(3,58,500)		(3,58,500)	
Add: Profit/(Loss) for the year	—		—	
		(3,58,500)		(3,58,500)
TOTAL		(3,58,500)		(3,58,500)
C(I) LONG TERM BORROWINGS				
Term Loans from banks (Secured) [Refer note C(I)(a) and C(I)(b)]	7,48,58,00,000		3,48,73,00,000	
Mezannine Debt (Unsecured) [Refer note C(I)(a) and C(I)(b)]	8,50,00,000		5,50,00,000	
Loan from Holding Company (Unsecured) [Refer note C(I)(a) and C(I)(b)]	22,51,00,000		22,51,00,000	
Deferred Credit Liability payable to NHAI [Refer note C(I)(c)]	23,55,10,05,039		24,26,09,82,247	
		31,34,69,05,039		28,02,83,82,247
TOTAL		31,34,69,05,039		28,02,83,82,247

C(I) (a) Details of Long term borrowings

Particulars	Rate of Interest As at March 31, 2014	Terms of Repayment
Term Loans from Banks (Secured)	Base rate of SBI + Applicable spread (175 bps)	Repayable in 144 unequal monthly installments ranging from ₹ 3,131,164 to ₹ 13,309,496 from August 2013 to July 2025 as per amortisation schedule of the common loan agreement.
Mezannine Debt (Unsecured) (L&T Infrastructure Development Projects Ltd.)	Nil	Repayable after settlement of Term Loan from Banks.
Loan from Holding company (L&T Infrastructure Development Projects Ltd.)	RBI Bank Rate	Repayable after settlement of Term Loan from Banks.

C(I) (b) Nature of Security

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) (c) Deferred Payment of Additional Concession Fee

Deferred credit liability represents total concession fees of ₹ 24,26,09,82,247/- payable to NHAI as per clause 26.2 of the concession agreement. Out of above, ₹ 70,99,77,206/- is payable in next financial year and forms part of other current liabilities.

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

	As at 31.03.2014	As at 31.03.2013
	₹	₹
(i) Long term borrowings	31,34,69,05,039	28,02,83,82,247
(ii) Current maturities of long term borrowings [note- D(I)]	13,15,00,000	3,76,00,000
TOTAL	31,47,84,05,039	28,06,59,82,247

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
C(II) OTHER LONG-TERM LIABILITIES				
Interest accrued but not due on				
Loan from Holding Company	1,85,09,233		2,83,071	
(L&T Infrastructure Development Projects Ltd.)		1,85,09,233		2,83,071
TOTAL		1,85,09,233		2,83,071
C(III) LONG-TERM PROVISIONS				
Provisions for Employee Benefits				
Gratuity (Refer note P(3)(ii))	4,62,792		3,26,435	
Compensated absences (Refer note P(3)(ii))	5,10,183		4,04,690	
		9,72,975		7,31,125
TOTAL		9,72,975		7,31,125
D(I) OTHER CURRENT LIABILITIES				
Current maturities				
– Long term debt (Refer note C(I)(d))	13,15,00,000		3,76,00,000	
– Deferred Payment Liability to NHAI	70,99,77,206		67,61,68,762	
Due to related parties :		84,14,77,206		71,37,68,762
Larsen & Toubro Limited (Ultimate Holding Company)	5,89,25,790		54,75,90,003	
L&T Infrastructure Development Projects Limited (Holding Company)	2,51,518		2,12,192	
		5,91,77,308		54,78,02,195
Others		7,75,53,733		1,76,12,606
Statutory liabilities		86,55,697		2,67,26,193
TOTAL		98,68,63,944		1,30,59,09,756

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.

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
D(II) SHORT TERM PROVISIONS				
Provision for employee benefits				
Gratuity (Refer note P(3)(ii))	8,677		2,975	
Compensated absences (Refer note P(3)(ii))	26,449		20,754	
		35,126		23,729
TOTAL		35,126		23,729

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

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the year	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owened										
Freehold Land (Refer note E(I)(a))	13,54,000	–	–	13,54,000	–	–	–	–	13,54,000	13,54,000
Plant and Equipment	1,40,82,957	1,49,300	–	1,42,32,257	1,40,82,906	3,556	–	1,40,86,462	1,45,795	51
Furniture and fixtures	2,22,726	–	–	2,22,726	1,21,142	16,184	–	1,37,326	85,400	1,01,584
Vehicles	88,74,381	–	–	88,74,381	24,63,106	12,79,108	–	37,42,214	51,32,167	64,11,275
Office equipment	39,39,631	4,94,209	–	44,33,840	19,83,902	10,75,245	–	30,59,147	13,74,693	19,55,729
Computers, laptops and printers	16,92,160	65,350	34,000	17,23,510	8,29,189	4,83,326	23,365	12,89,150	4,34,360	8,62,971
Total	3,01,65,855	7,08,859	34,000	3,08,40,714	1,94,80,245	28,57,419	23,365	2,23,14,299	85,26,415	1,06,85,610
<i>Previous year</i>	2,80,80,265	30,66,190	9,80,600	3,01,65,855	1,13,92,457	80,87,788	–	1,94,80,245		

E(I) (a) Land has been mortgaged to senior lenders.**E(II) CAPITAL WORK IN PROGRESS**

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	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Capital work-in-progress	1,83,40,883	1,73,93,759	–	3,57,34,642	–	–	–	–	3,57,34,642	1,83,40,883
Total	1,83,40,883	1,73,93,759	–	3,57,34,642	–	–	–	–	3,57,34,642	1,83,40,883
<i>Previous year</i>				1,83,40,883						

E(III) INTANGIBLE ASSETS UNDER DEVELOPMENT

	As at 31.03.2013 ₹	For the year ₹	As at 31.03.2014 ₹
a) Construction cost			
EPC contract bills	4,41,03,95,513	3,08,49,33,030	7,49,53,28,543
Additional Concession fee [Refer Note- K(14)]	26,17,46,71,000	–	26,17,46,71,000
Total (A)	30,58,50,66,513	3,08,49,33,030	33,66,99,99,543
b) Pre-operative expenses pending allocation			
Toll management charges	3,48,05,326	1,30,72,418	4,78,77,744
Security charges	74,93,399	98,03,685	1,72,97,084
Insurance	22,28,464	34,66,748	56,95,212
Repairs and maintenance			
Toll Road and Bridge	4,18,75,123	41,86,686	4,60,61,809
Plant and machinery	27,23,327	16,61,908	43,85,235
Others	2,40,120	1,01,74,410	1,04,14,530
Rail over bridge Expenses	1,17,87,109	3,57,951	1,21,45,060
Power and fuel	41,80,889	17,66,923	59,47,812
Depreciation and amortisation	37,99,60,511	28,57,418	38,28,17,929
Salaries and wages	4,63,38,170	1,45,12,781	6,08,50,951
Contribution and provisions for			–
Provident fund	16,93,448	6,61,296	23,54,744
Gratuity	3,12,206	1,42,059	4,54,265
Compensated absences	6,38,131	1,11,188	7,49,319

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹	For the year ₹	As at 31.03.2014 ₹
Staff Welfare Expenses	27,73,240	12,23,274	39,96,514
Interest on borrowings (term loans)	26,39,86,376	66,22,33,440	92,62,19,816
Bank charges and bank guarantee charges	55,39,804	31,52,613	86,92,417
Finance Charges Others	2,60,55,294	55,257	2,61,10,551
Rent, rates and taxes	1,20,93,105	12,11,465	1,33,04,570
Professional fees	9,93,61,014	16,80,48,433	26,74,09,447
Postage and Communication expenses	12,33,821	4,26,436	16,60,257
Printing and Stationery	18,64,062	5,98,844	24,62,906
Travelling and conveyance	2,37,33,003	44,93,648	2,82,26,651
Miscellaneous expenses	1,40,93,212	17,34,659	1,58,27,871
Utility Shifting Payments		11,48,55,489	11,48,55,489
Less:			
Toll collections	1,99,57,13,617	90,28,27,128	2,89,85,40,745
Other income	2,68,96,625	75,54,195	3,44,50,820
Amount Recd Against Utility Shifting Receipts		9,21,38,450	9,21,38,450
Total (B)	-1,03,76,01,088	1,82,89,256	-1,01,93,11,832
GRAND TOTAL (A+B)	29,54,74,65,425	3,10,32,22,286	32,65,06,87,711

(a) The Company has not entered into any finance lease. The Company has taken office premises and Guest house under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year ₹ 11,23,543/- (previous year: ₹ 23,10,129/-) has been included in Pre-operative expenses.

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

	2013-14 ₹	2012-13 ₹
a) As auditor	2,93,760	2,93,760
b) For taxation matters	25,000	—
c) For other services	1,40,500	1,27,500
d) For reimbursement of expenses	12,000	17,000
TOTAL	4,71,260	4,38,260

F(I) LONG TERM LOANS AND ADVANCES

Unsecured, considered good		
Capital advances	4,01,48,666	50,58,49,848
Security deposits	8,02,166	45,075
TOTAL	4,09,50,832	50,58,94,923

F(II) OTHER NON-CURRENT ASSETS

Deposit accounts with maturity more than twelve months [Refer Note G(III)]	3,20,00,000	50,00,000
TOTAL	3,20,00,000	50,00,000

NOTES TO FINANCIAL STATEMENTS (Contd.)**G(I) CURRENT INVESTMENTS**

Particulars	Face Value per unit (in ₹)	Number of units As at 31.03.2014	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Investment in Mutual funds - Quoted				
Reliance Liquidity Fund-Growth Plan Isin (9907.70 units of NAV value ₹ 1919.97)	1,000	9907.70	1,90,22,497	—
IDFC cash Fund Plan - Super Inst Plan B-Growth (30790.88 units of NAV value ₹ 1536.47)	1,000	30790.88	4,73,09,141	—
TATA Liquid Plan A Growth (10028.92 units of NAV value ₹ 2326.50)	1,000	10028.92	2,33,32,324	—
SBI Premier Liquid Fund - Super Institutional - Growth (112160.47 units of NAV value ₹ 2011.22)	1,000	112160.47	22,55,79,551	—
L&T Liquid Fund- Growth (24935.77 units of NAV value ₹ 1738.99)	1,000	24935.77	4,33,63,068	—
TOTAL			35,86,06,581	—

Particulars	2013-14 ₹	2012-13 ₹
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Details of Quoted/Unquoted investments:

Aggregate amount of quoted current investment and market value thereof;

Book Value	35,86,06,581	—
Market Value	36,07,31,553	—

G(II) CASH AND BANK BALANCES

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Cash and cash equivalents		
Balances with banks		
In current accounts	88,53,191	35,91,967
Cash on hand	54,80,732	77,86,040
Other Bank Balances		
In Deposit accounts	3,20,00,000	50,00,000
Less: Deposit accounts with maturity more than twelve months [Refer Note F(II)]	(3,20,00,000)	(50,00,000)
	—	—
	1,43,33,923	1,13,78,007

G(III) SHORT TERM LOANS AND ADVANCES

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	93,49,486	3,51,61,248
Others	2,13,000	4,66,021
Prepaid Expenses	27,94,099	19,80,722
TOTAL	1,23,56,585	3,76,07,991

G(IV) OTHER CURRENT ASSETS

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Interest Accrued but not due on Deposits	5,12,055	2,260
Other Receivables	46,19,073	39,96,329
TOTAL	51,31,128	39,98,589

NOTES TO FINANCIAL STATEMENTS (Contd.)

H Contingent liabilities as at March 31, 2014 ₹ Nil (*previous year: ₹ Nil*)

I a. The Company has the following commitments remaining to be executed on capital account (net of advances)

Particulars	2013-14	2012-13
Estimated amount of contracts remaining to be executed on capital account (net of advances)	1,22,45,22,791	4,34,96,04,487

b. Other Commitments -Additional Concession Fees Payable Under The Concession Agreement [Ref Note No- C (I)]

In terms of clause no. 26.2 of the concession agreement dated March 17, 2010, the additional concession fee aggregating to ₹ 24,26,09,82,247 over the remaining period of concession shall be recognised as cost of toll collection rights and capitalised along with Intangible assets under development payable to National Highways Authority of India (NHAI) on achievement of Project Completion Date (PCD).

J(1) Corporate Information

The Company has been awarded on Design, Build, Finance, Operate and Transfer (DBFOT) basis, the strengthening of existing 4-lane road from KM 306 to KM 362.16 (approximately 56.16 KM) on Samakhiali to Gandhidham Section on National Highway No. 8A in the state of Gujarat and widening thereof to six lanes under concession agreement dated March 17, 2010 with the National Highways Authority of India (NHAI).

J(2) Foreign Currency Payments

The Company has purchased Toll Equipments in foreign currency during the year for ₹ 85,82,248/- (*previous year: ₹ Nil*)

J(3) Disclosure pursuant to Accounting Standard (AS) 15 (revised) on "Employee benefits":

(i) **Defined contribution plan:**

An amount of ₹ 6,61,296 (*previous year : ₹ 6,93,185/-*) being contribution made to recognised provident fund is a part of employee benefit for the year and have been transferred to intangible asset under development.

(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	4,71,469	3,29,410	5,36,632	4,25,444
	4,71,469	3,29,410	5,36,632	4,25,444
Less : Fair value of plan assets	-	-	-	-
Amount to be recognised as liability or (asset)	4,71,469	3,29,410	5,36,632	4,25,444
B) Amounts reflected in the Balance Sheet				
Liabilities	4,71,469	3,29,410	5,36,632	4,25,444
Assets	-	-	-	-
Net Liability / (asset)	4,71,469	3,29,410	5,36,632	4,25,444

NOTES TO FINANCIAL STATEMENTS (Contd.)

- 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	1,72,726	1,52,034	1,27,897	1,67,343
2	Interest on Defined benefit obligation	26,682	13,179	34,461	8,827
3	Expected return on plan assets	—	—	—	—
4	Actuarial losses/(gains)	(1,06,629)	(8,053)	(90,772)	1,56,396
5	Past service cost	49,280	—	39,602	56,726
6	Actuarial gain/(loss) not recognised in books	—	—	—	—
7	Adjustment for earlier years	—	—	—	—
Total (1 to 7)		1,42,059	1,57,160	1,11,188	3,89,292
I	Amount included in "employee benefit expenses"	1,42,059	1,57,160	1,11,188	3,89,292
II	Amount included as part of "finance costs"	—	—	—	—
Total (I + II)		1,42,059	1,57,160	1,11,188	3,89,292
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 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
		₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation		3,29,410	1,55,045	4,25,444	1,89,438
Add:	Current service cost	1,72,726	1,69,239	1,27,897	1,67,343
Add:	Interest cost	26,682	13,179	34,461	8,827
Add:	Contribution by plan participants				
	i) Employer	—	—	—	—
	ii) Employee	—	—	—	—
Add/(less):	Actuarial losses/(gains)	(1,06,629)	(8,053)	(90,772)	1,56,396
Less:	Benefits paid	—	—	—	1,53,286
Add:	Past service cost	49,280	—	39,602	56,726
Closing balance of the present value of defined benefit obligation		4,71,469	3,29,410	5,36,632	4,25,444

- 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

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

Borrowing cost capitalised as intangible assets under development during the year ₹ 66,22,33,440/- (previous year : ₹ 22,50,47,937).

NOTES TO FINANCIAL STATEMENTS (Contd.)

J(5) 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 is not applicable.

J(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 entered during the year:

Holding Company :

- L&T Infrastructure Development Projects Limited

Ultimate Holding Company :

- Larsen & Toubro Limited

Fellow Subsidiaries :

- L&T Transco Private Limited
- L&T Vadodara Bharuch Tollway Limited
- L&T Interstate Road Corridor Limited
- L&T Ahmedabad Maliya Tollway Limited
- L&T Halol Shamlaji Tollway Limited
- Narmada Infrastructure Construction Enterprise Limited
- L&T Deccan Tollways Limited

Fellow Subsidiaries of Holding Company:

- 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		
• Unsecured Loan received	–	22,51,00,000
• Interest accrued on Unsecured Loan	2,02,51,290	3,14,523
• Mezzanine Debt Received	3,00,00,000	5,50,00,000
• Purchase of goods and services	13,03,70,768	1,75,55,150
• Reimbursement of expenses to	500	37,31,124
• Reimbursement of expenses from	1,65,144	–
Ultimate holding company		
Larsen & Toubro Limited		
• Services received	18,84,727	2,17,138
• Reimbursement of Expenses to	1,39,45,947	1,20,23,254
• Reimbursement of Expenses from	49,96,036	–
• EPC Cost	3,08,21,42,674	3,22,13,36,135
Fellow Subsidiaries		
L&T Transco Private Limited		
• Transfer of Share Capital from	1,88,670	–
L&T Vadodara Bharuch Tollway Limited		
• Reimbursement of expenses to	6,06,477	5,31,274
• Reimbursement of expenses from	3,01,664	2,36,476
• Change money	67,90,027	84,55,401

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	2013-14	2012-13
	₹	₹
L&T Interstate Road Corridor Limited		
• Reimbursement of expenses to	–	1,06,960
L&T Ahmedabad Maliya Tollway Limited		
• Reimbursement of expenses to	12,96,000	–
• Reimbursement of expenses from	–	2,106
L&T Halol Shamlaji Tollway Limited		
• Reimbursement of expenses to	8,00,000	
• Reimbursement of expenses from	33,311	8,052
L&T Deccan Tollways Limited		
• Transfer of Fixed Assets	6,942	–
Narmada Infrastructure Construction Enterprise Limited		
• Reimbursement of expenses from	–	26,151
Fellow Subsidiaries of Holding Company		
L&T General Insurance Company Limited		
• Insurance Premium	40,08,574	–

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 [Refer Note J(6)(d)]	(80,52,70,000)	(80,50,81,330)
-Mezzanine Debt	(8,50,00,000)	(5,50,00,000)
-Unsecured Loan	(22,51,00,000)	(22,51,00,000)
-Interest on Unsecured Loan	(1,85,09,233)	(2,83,071)
-Creditor for services	(2,51,518)	(2,12,192)
Ultimate Holding Company		
Larsen & Toubro Limited		
-Share Capital	(1,30,000)	(1,30,000)
-Mobilisation advances	4,01,48,666	50,58,49,848
-Creditor for services	(5,89,25,790)	(54,75,90,003)

d) 51% of shares held by L&T Infrastructure Development Projects Limited (Holding Company) are pledged as Security with Senior Lenders.

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

J(7) Previous Year Figures

Previous year figures have been reclassified/regrouped/rearranged wherever considered necessary to make them comparable.

NOTES TO FINANCIAL STATEMENTS (Contd.)

K SIGNIFICANT ACCOUNTING POLICIES

K(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.

K(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.

K(3) 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 accounted as pre-operative expenses during the construction phase of the project.

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.

K(4) 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.

K(5) 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

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

	Category of Asset	Rate of Depreciation (% p.a)
i	Furniture and fixture	10
ii	Office equipment	25
iii	Computers - Desktops and laptops	25
iv	Plant and Equipment	11.11
v	Motor Cars	14.29
vi	Toll equipment	40

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%.

K(6) Intangible assets and amortisation**Intangible Assets**

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.

Toll collection rights represent the right to collect toll revenue during the concession period in respect of Design- Build-Finance-Operate-Transfer (DBFOT) project(s) undertaken by the Company. The construction costs, preoperative expenditure along with concession fee payable till the completion of construction of additional two lanes of the project are recognised as Intangible assets under development. The revenue towards collection of toll / other income during the period of construction of additional two lanes is reduced from the cost of intangible asset under development. Upon completion of construction of the additional two lanes of the project, the cumulative cost of the intangible assets under development [which includes the obligation towards additional concession fees payable to National Highway Authority of India (NHAI)] net of revenue towards collection of toll / other income during the period of construction is capitalized as toll collection rights and recognised under intangible assets. The said Toll collection rights are amortised from the date of completion of Project Completion Date (PCD) over the balance period of rights given under the concession agreement.

Amortization:

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

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

K(7) 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 fair value. The determination of carrying amount of such investments is done on a weighted average cost of each individual investment.

K(8) Impairment of assets

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

- the provision for impairment loss, if any; and
- 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 :

- In the case of an individual asset, at the higher of the net selling price and the value in use
- 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)

K(9) Foreign Currency Transactions

- The reporting currency of the Company is the Indian Rupee.
- 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

- (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 adjusted in pre-operative in the period in which they arise.

K(10) 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.

K(11) 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 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 intermittently surplus but inextricably linked to the project is deducted from the related borrowing costs incurred.

K(12) 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.

K(13) Leases

Operating Leases

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 accounted as pre-operative expenses during the construction phase.

Finance Leases

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.

K(14) 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.

Deferred Payment Liability

The obligation towards additional concession fee payable to NHAI is recognized as deferred payment liability when the Company, in its capacity of Concessionaire, becomes entitled to exercise the right and collect toll in accordance with the terms of the concession agreement on Commercial Operations Date. The total concession fee payable from the project completion date till the end of the concession period is capitalized as a part of cost of toll collection rights under intangible assets under development on recognition of deferred payment liability. (refer to policy on intangible asset). The deferred payment liability shall stand reduced based on actual payment towards additional concession fee payable to NHAI as and when the same is paid.

NOTES TO FINANCIAL STATEMENTS (Contd.)

K(15) 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) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

K(16) 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.

K(17) Cash Flow Statement

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

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

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

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm's Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

CHANDRASHEKHAR N. DOIPHODE

Manager

T. S. VENKATESAN

Director

KARTHIKEYAN T. V.

Director

Place : Chennai

Date : May 6, 2014

Place : Chennai

Date : May 6, 2014