DIRECTORS' REPORT

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

I. FINANCIAL RESULTS

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

Sl. No	Particulars	2013-14	*2012-13*
		₹ Lakhs	*₹ Lakhs*
1	Income for the year	**1.22**	*5.70*
2	Less: Expenditure	**207.29**	*25.13*
3	Profit Before Depreciation & Tax (PBDT)	**(206.06)**	*(19.43)*
4	Less: Depreciation and Amortisation	**0.00**	*0.00*
5	Profit / (Loss) before tax (PBT)	**(206.06)**	*(19.43)*
6	Less: Provision for tax	**0.00**	*1.76*
7	Prior Period Adjustment	**0.00**	*0.00*
8	Profit / (Loss) after tax (PAT)	**(206.06)**	*(21.19)*
9	Balance brought forward from *previous year*	**(162.44)**	*(141.24)*
10	Balance carried to Balance Sheet	**(368.50)**	*(162.44)*

In *Previous year*, Utility shifting income was shown under other income. However, from current year, utility shifting income is netted off against utility shifting expenses and income pertaining to investment in Mutual fund from equity is shown separately. Consequently, other income for your Company fell down to₹ 5.70 Lakhs for the year against ₹ 4100.42 Lakhs for the *previous year* 12-13.

II. PERFORMANCE OF THE COMPANY

Your Company has achieved Mile stone – I, Mile stone -II as well as Mile stone - III as scheduled in the Concession Agreement during the year.

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 2013-14.

V. CAPITAL EXPENDITURE

As at March 31, 2014, the Gross Fixed Assets (Tangible) stood at ₹ 137.17 lakhs, the Net Fixed Assets are ₹ 95.97 lakhs and the intangible Assets under development stood at ₹ 181,069.41 lakhs.

VI. AUDITORS' REPORT

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

VII. DEPOSITS

The Company has not accepted any deposits from the public.

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

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

IX. PARTICULARS OF EMPLOYEES

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

X. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary Company.

XI. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

2. That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit/loss of the Company for the year ended on that date;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the annual accounts have been prepared on a going concern basis.
5. That proper systems are in place to ensure compliance of all laws applicable to the Company.

XII. DIRECTORS:

Mr. T S Venkatesan, Director 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. K Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

XIII. AUDIT COMMITTEE

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

- Mr. K Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

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. K Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

XV. AUDITORS:

The Auditors, M/s Sharp & Tannan, 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 Companies Act, 2013.

XVI. INTERNAL AUDITORS

The Corporate Audit Services department of L&T Infrastructure Development Projects Limited was providing internal audit services to the Company for the Financial year 2013-14.

The Board has recommended appointment of M/s. Grant Thornton, Chartered Accountants as the 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 2013-1014.

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	**T. S. VENKATESAN**	**SHARAD GOEL**
Date : May 6, 2014	*Director*	*Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T BPP TOLLWAY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **L&T BPP TOLLWAY LIMITED** ('The Company"), which comprise the balance shed 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 notified under the Companies Act, 1956 ("the Act") 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 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 or 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 Statement of Profit and Loss, of the 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, we give in the Annexure a statement on the matters specified in paragraph 4 and .5 or 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act 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; and
   c) on the basis of written representations received from the directors as on March 31, 2014. and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 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.

For SHARP&TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
(Membership No:225366)

Place : Chennai
Date : May 12, 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the independent auditor's report to the members of L&T BPP Tollway Limited on the financial Statement 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) Fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

(ii) The Company does not have any inventory in its books and hence reporting under clauses 4.(ii) (a), (b) and (c) of the Order does not arise.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, reporting under clauses 4(iii)(b), (c) and (d) of the Order does not arise.

(e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, reporting under clauses 4(iii)(f) and (g) of the Order does not arise.

(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 nature of its business for 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 the internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts/ arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under clause 4.(v) of the Order does not arise.

(vi) The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder. Hence reporting under clause 4(vi) of the Order does not arise.

(vii) In our opinion, the Company has an adequate internal audit system which is Commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules /prescribed by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including income-tax, provident fund, service tax, sales tax and other statutory dues during the year with appropriate authorities. According to the information and explanation given to us, there were no undisputed amount payable on account of income-tax, provident fund, service tax, sales tax and other statutory dues as at March 31, 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory liabilities in respect of sales tax, excise duty, service tax, customs duty and income tax which have not been deposited on account of a dispute.

(x) The Company has been registered for a period of less than five year and hence reporting on losses under Clause 4(x) of the Order does not arise.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures during the period.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares,debentures and other securities.

(xiii) The Company is not a chit fund/nidhi/ mutual benefit fund/society and hence reporting under clause 4(xiii) of the Order does not arise.

(xiv) According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities and debentures. The Company has invested temporary surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained showing the particulars of the transactions and contracts and timely entries have been made therein. The said investments in mutual funds have been held by the Company in its own name

(xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained.

(xvii) According to the information and explanations given to us, the Company has not raised funds on short term basis during the period. Accordingly, reporting on their application under clause 4(xvii) of the Order docs not arise.

(xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures during the year. Hence reporting under clause 4(xix) or the Order docs not arise.

(xx) The Company has not raised any money by way of public issue during the year. Hence reporting under clause 4(xx) of the Order does not arise.

(xxi) During the course of our examination of the books and the records of the Company,carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or material fraud on the Company,noticed or reported during the period, nor have we been informed of such cases by management.

For SHARP&TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
(Membership No:235366

Place : Chennai
Date : May 12, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at 31.03.2014 ₹	₹	*As at 31.03.2013* ₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	A	2,47,20,00,000		*1,96,93,50,000*	
Reserves and Surplus	B	(3,68,50,915)		*(1,62,44,496)*	
			2,43,51,49,085		*1,95,31,05,504*
Non-current liabilities					
Long-term borrowings	C	13,76,81,14,000		*3,64,99,14,000*	
			13,76,81,14,000		*3,64,99,14,000*
Current liabilities					
Other current liabilities	D(I)	2,40,43,01,954		*3,35,68,95,528*	
Short-term provisions	D(II)	34,37,259		*32,36,241*	
			2,40,77,39,213		*3,36,01,31,769*
TOTAL			18,61,10,02,298		*8,96,31,51,273*
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	E(I)	95,97,602		*90,00,111*	
Intangible Assets under Development	E(II)	18,10,69,41,453		*7,06,80,10,499*	
Long-term loans and advances	F	7,72,32,967		*1,59,66,37,162*	
			18,19,37,72,022		*8,67,36,47,772*
Current Assets					
Short-term loans and advances	G(I)	26,48,32,936		*8,69,66,952*	
Cash and Bank balances	G(II)	15,23,97,340		*20,25,36,549*	
			41,72,30,276		*28,95,03,501*
TOTAL			18,61,10,02,298		*8,96,31,51,273*
CONTINGENT LIABILITIES	H				
COMMITMENTS	I				
OTHER NOTES FORMING PART OF ACCOUNTS	M				
SIGNIFICANT ACCOUNTING POLICIES	N				

As per our report attached

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

SUDHIR JAIN
Manager

T. S. VENKATESAN
Director

SHARAD GOEL
Director

Place : Chennai
Date : May 12, 2014

Place : Ahmedabad
Date : May 8, 2014

Place : Chennai
Date : May 6, 2014

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

	Note No.	2013-14 ₹	*2012-13* ₹
REVENUE			
Other income	**J**	**1,22,642**	*5,70,371*
Total Revenue		**1,22,642**	*5,70,371*
EXPENSES			
Utility Shifting Expenses (net) (refer Note M(IX) infra)			
Sub-contract charges		**1,07,40,507**	–
Employee benefits expenses	**K (i)**	**38,92,164**	–
Administration expenses	**K (ii)**	**37,24,219**	–
Other expenses	**L**	**23,72,171**	*25,13,853*
		2,07,29,061	*25,13,853*
Profit / (loss) before tax		**(2,06,06,419)**	*(19,43,482)*
Tax expense:			
Current tax	**M(II)**	**–**	*1,76,244*
Profit/(loss) after tax for the year		**(2,06,06,419)**	*(21,19,726)*
Earnings per equity share (Basic and Diluted)	**M(VIII)**	**(0.09)**	*(0.02)*
Face value per equity share		**10.00**	*10.00*
OTHER NOTES FORMING PART OF ACCOUNTS	**M**		
SIGNIFICANT ACCOUNTING POLICIES	**N**		

As per our report attached

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

SUDHIR JAIN
Manager

T. S. VENKATESAN
Director

SHARAD GOEL
Director

Place : Chennai
Date : May 12, 2014

Place : Ahmedabad
Date : May 8, 2014

Place : Chennai
Date : May 6, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

		2013-14	2012-13
		₹	₹
A.	**Profit / (Loss) before tax**	**(2,06,06,419)**	*(19,43,482)*
	Less : Gain on sale of current investments	**(1,22,642)**	*(3,12,744)*
	Operating profit before working capital changes	**(2,07,29,061)**	*(22,56,226)*
	Adjustments For :		
	(Increase) / Decrease in Short term Loans and Advances	**(17,78,65,984)**	*(7,52,28,519)*
	Increase / (Decrease) in Current liabilities and provisions	**(95,23,92,556)**	*3,32,76,74,556*
	Cash generated from operations	**(1,15,09,87,601)**	*3,25,01,89,811*
	Direct taxes paid (net of refund)	**–**	*–*
	Net cash (used in) / from operating activities	**(1,15,09,87,601)**	*3,25,01,89,811*
B.	**Cash flow from Investing activities :**		
	Purchase of fixed assets	**(11,03,95,63,674)**	*(6,96,66,14,627)*
	Proceeds from sale of fixed assets	**35,229**	*–*
	Capital advances paid	**(7,65,19,967)**	*(1,19,25,00,000)*
	Purchase and sale of current investments (net)	**1,22,642**	*3,12,744*
	Capital advances adjusted	**1,59,59,24,162**	*31,08,62,838*
	Net cash (used in) / from investing activities	**(9,52,00,01,608)**	*(7,84,79,39,044)*
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity share capital	**50,26,50,000**	*1,14,86,00,000*
	Proceeds from long term borrowings	**10,11,82,00,000**	*3,64,99,14,000*
	Net cash (used in) / from financing activities	**10,62,08,50,000**	*4,79,85,14,000*
	Net (decrease)/ increase in cash and cash equivalents	**(5,01,39,209)**	*20,07,64,767*
	Cash and cash equivalents at beginning of the year	**20,25,36,549**	*17,71,782*
	Cash and cash equivalents at end of the year	**15,23,97,340**	*20,25,36,549*

Notes:

(1) Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 : "Cash Flow Statement" as per Companies (Accounting Standards) Rules, 2006.

(2) Cash and cash equivalents represent bank balances as given in Note G (II)

(3) Purchase of fixed asset includes movement in intangible assets under development and borrowing costs paid & capitalised during the year.

As per our report attached

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

SUDHIR JAIN
Manager

T. S. VENKATESAN
Director

SHARAD GOEL
Director

Place : Chennai
Date : May 12, 2014

Place : Ahmedabad
Date : May 8, 2014

Place : Chennai
Date : May 6, 2014

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31,2014

A SHARE CAPITAL

Particulars	As at 31.03.2014		*As at 31.03.2013*	
	No. of Shares	₹	*No. of Shares*	*₹*
Authorised				
Equity Shares of ₹ 10/- each	**25,00,00,000**	**2,50,00,00,000**	*25,00,00,000*	*2,50,00,00,000*
Issued, Subscribed and Paid up				
Equity Shares of ₹ 10/- each fully paid up	**24,72,00,000**	**2,47,20,00,000**	*19,69,35,000*	*1,96,93,50,000*
	24,72,00,000	**2,47,20,00,000**	*19,69,35,000*	*1,96,93,50,000*

i Reconciliation of the Shares outstanding at the beginning and at the end of the year:

Particulars	2013-14		*2012-13*	
	No. of Shares	₹	*No. of Shares*	*₹*
Equity Shares:				
At the beginning of the year	**19,69,35,000**	**1,96,93,50,000**	*8,20,75,000*	*82,07,50,000*
Issued during the year as fully paid up	**5,02,65,000**	**50,26,50,000**	*11,48,60,000*	*1,14,86,00,000*
Outstanding at the end of the year	**24,72,00,000**	**2,47,20,00,000**	*19,69,35,000*	*1,96,93,50,000*

ii Terms / Rights/ Restrictions attached to Equity Shares:

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

The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2014, no dividend is declared/ proposed by Board of Directors. *(Previous year - Nil)*

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 of dividend declared by the Company except for proportionate dividend on shares allotted during the year and no restrictions are attached to any specific shareholders.

iii Details of Shares held by Holding / Ultimate holding Company and / its subsidiaries / associates:

Particulars	Relationship	As at 31.03.2014		*As at 31.03.2013*	
		No. of Shares	₹	*No. of Shares*	*₹*
L&T Infrastructure Development Projects Limited (along with its nominees)	Holding Company	**24,72,00,000**	**2,47,20,00,000**	*19,69,35,000*	*1,96,93,50,000*

iv Details of Shareholders holding more than 5% shares:

Particulars	Relationship	As at 31.03.2014		*As at 31.03.2013*	
		No. of Shares	%	*No. of Shares*	*%*
L&T Infrastructure Development Projects Limited (along with its nominees)	Holding Company	**24,72,00,000**	**100.00%**	*19,69,35,000*	*100.00%*

v Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

vi Calls unpaid: NIL; Forfeited shares: NIL.

	As at 31.03.2014	*As at 31.03.2013*
	₹	*₹*
B RESERVES AND SURPLUS		
Surplus in the Statement of Profit and Loss		
Balance as per the last financial statements	**(1,62,44,496)**	*(1,41,24,770)*
Add: Surplus / (deficit) for the year	**(2,06,06,419)**	*(21,19,726)*
TOTAL	**(3,68,50,915)**	*(1,62,44,496)*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2014 ₹	As at 31.03.2013 ₹
C	**LONG-TERM BORROWINGS**		
	Secured loans from Banks		
	Term loans [Refer note C(i) infra]	**11,66,01,14,000**	*3,64,99,14,000*
	Unsecured loan from Holding Company	**2,10,80,00,000**	*–*
	[Refer note C(ii) infra]	**13,76,81,14,000**	*3,64,99,14,000*

C (i) Secured Term Loan

Particulars	Rate of Interest	Terms of Repayment
	As at 31.03.2014	
Secured loans from Banks	Floating rate i.e., Base rate of Punjab National Bank (Lead Bank) plus 100 basis points, base rate as at March 31, 2014 is 11.25%.	i) 138 monthly installments ranging from ₹ 9,270,000/- to ₹ 393,975,000/-ii) Repayment period from June 2015 to November 2026.

Security for Term Loan

The term loans sanctioned to the Company, are secured by a first charge on all the tangible movable assets, including project book debts, operating cash flows, receivables, movable plant and machinery both present and future including borrowers escrow account, all sub-escrow account and authorised investments; intangible assets of the Company including but not limited to Goodwill, rights, undertakings and the uncalled capital; assignment by way of security in all right, title and interest on the project documents, government approvals, guarantees, insurance contracts but excluding project assets as specified in Concession Agreement.

C (ii) Unsecured loan from Holding Company

Particulars	Rate of Interest	Terms of Repayment
	As at 31.03.2014	
Mezzanine Debt	Interest free	(I) Unsecured Loan shall not be repaid before secured obligations are fully discharged to the complete satisfaction of lenders. (II) The unsecured loan from the Holding Company is a part of the Promoter's Contribution towards the Project cost and defined as required equity consideration as per Common Loan Agreement.

		As at 31.03.2014 ₹	As at 31.03.2013 ₹
D (I)	**Other Current Liabilities**		
	Due to MSME [refer note D(1)(a) infra]	**–**	*–*
	Due to Ultimate Holding Company		
	– Construction cost	**2,03,64,87,933**	*2,36,07,33,115*
	– Others	**6,59,35,367**	*2,41,86,579*
	Due to others	**4,96,44,001**	*4,44,37,971*
	Statutory liabilities	**9,13,03,145**	*6,93,68,377*
	Liability for expenses	**16,09,31,508**	*85,81,69,486*
	TOTAL	**2,40,43,01,954**	*3,35,68,95,528*

Note D(I)(a): There has 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 / payable does not arise.

		As at 31.03.2014 ₹	As at 31.03.2013 ₹
D (II)	**Short-Term Provisions**		
	Provisions for Employee Benefits		
	For Gratuity	**14,08,028**	*9,50,876*
	For Compensated absences	**20,29,231**	*18,39,151*
	Provision for current tax	**–**	*4,46,214*
	TOTAL	**34,37,259**	*32,36,241*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

E (I) Tangible Fixed Assets

Particulars	**GROSS BLOCK**				**DEPRECIATION**				**NET BLOCK**	
	As at April 1, 2013	Additions	Deductions	**As at March 31, 2013**	Up to March 31, 2013	On Deductions	For the year	**Up to March 31, 2014**	**As at March 31, 2014**	As at March 31, 2013
	₹	₹	₹	₹	₹		₹	₹	₹	₹
Computers	21,51,792	5,27,381	66,697	**26,12,476**	6,39,305	31,468	6,53,301	**12,61,138**	**13,51,338**	15,12,487
Furniture and Fixtures	45,72,411	–	–	**45,72,411**	9,33,212	–	4,45,913	**13,79,125**	**31,93,286**	36,39,199
Office equipments	45,57,290	7,585	–	**45,64,875**	7,08,865	–	7,37,326	**14,46,191**	**31,18,684**	38,48,425
Vehicles	–	19,68,228	–	**19,68,228**	–	–	33,934	**33,934**	**19,34,294**	–
Total	**1,12,81,493**	**25,03,194**	**66,697**	**1,37,17,990**	**22,81,382**	**31,468**	**18,70,474**	**41,20,388**	**95,97,602**	
Previous year	*64,94,109*	*47,87,384*	–	***1,12,81,493***	*4,67,830*	–	***18,13,552***	***22,81,382***		*90,00,111*
Capital Work In - Progress	–	–	–	–	–	–	–	–	–	–

E (II) Intangible Asset under development

Particulars	*As at 31.03.2013*	**Additions 2013-14**	**As at 31.03.2014**
	₹	₹	₹
Construction Cost (A)	*6,52,40,04,259*	9,46,44,55,974	**15,98,84,60,233**
Pre-operative expenses pending allocation:			
Salaries	*3,64,13,348*	3,10,99,999	**6,75,13,347**
Contribution to & provision for:			
- Provident fund	*18,59,928*	15,92,071	**34,51,999**
- Leave encashment	*15,85,234*	1,52,063	**17,37,297**
- Gratuity	*7,96,947*	3,65,722	**11,62,669**
Staff welfare expenses	*20,31,056*	31,81,436	**52,12,492**
Rent	*44,78,469*	21,71,686	**66,50,155**
Rates and Taxes	*9,30,853*	15,77,811	**25,08,664**
Legal and professional fees	*10,84,05,069*	53,31,79,776	**64,15,84,845**
Insurance	*82,28,713*	76,54,722	**1,58,83,435**
Repairs and maintenance	*85,27,892*	66,62,963	**1,51,90,855**
Vehicle hire charges	*1,58,61,591*	1,49,69,750	**3,08,31,341**
Travelling and Conveyance	*21,82,718*	12,51,365	**34,34,083**
Power and Fuel	*7,74,142*	10,28,714	**18,02,856**
Printing and Stationary	*7,81,415*	5,29,599	**13,11,014**
Bank charges	*1,69,38,508*	1,46,40,295	**3,15,78,803**
Land acquisition Expenses	*84,00,782*	54,27,047	**1,38,27,829**
Miscellaneous expenses	*85,68,262*	37,07,337	**1,22,75,599**
Depreciation	*22,81,382*	18,70,474	**41,51,856**
Finance cost [refer note E(II)(a) infra]	*31,49,59,931*	94,34,12,150	**1,25,83,72,081**
Sub Total (B)	***54,40,06,240***	**1,57,44,74,980**	**2,11,84,81,220**
Grand Total (A + B)	***7,06,80,10,499***	**11,03,89,30,954**	**18,10,69,41,453**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

E (II) (a)

Particulars	*As at 31.03.2013*	**Additions 2013-14**	**As at 31.03.2014**
	₹	₹	₹
Finance cost			
- Upfront fees	*5,50,64,581*	–	**5,50,64,581**
- Term loan Interest	*23,82,58,336*	74,37,08,936	**98,19,67,272**
- Discounting charges	*2,22,40,732*	20,44,47,798	**22,66,88,530**
	31,55,63,649	94,81,56,734	**1,26,37,20,383**
Less: Income from temporary investments out of specific borrowings			
Gain on sale of investment in mutual funds	*8,00,169*	44,60,904	**52,61,073**
Interest Income from Banks	*73,519*	2,83,680	**3,57,199**
Less: Current tax thereon	*2,69,970*	–	**2,69,970**
	6,03,718	47,44,584	**53,48,302**
	31,49,59,931	**94,34,12,150**	**1,25,83,72,081**

	As at 31.03.2014 ₹	*As at 31.03.2013* ₹
F LONG-TERM LOANS AND ADVANCES		
Capital advances		
Unsecured, Considered good		
To Ultimate Holding Company	**–**	*1,59,66,37,162*
To Others	**7,65,19,967**	–
Security Deposit		
Security Deposit	**7,13,000**	–
TOTAL	**7,72,32,967**	*1,59,66,37,162*
G (I) Short-term loans and advances		
Unsecured, Considered good		
Loans and advances to Related Parties		
Holding Company	**43,892**	–
Others		
Deposits	**40,36,129**	*5,19,800*
Retention Money	**3,49,61,874**	*2,45,82,134*
Advances to Sub-contractors	**4,01,07,417**	*4,01,14,563*
Utility shifting recoverable [refer Note M(IX) infra]	**16,19,58,697**	*82,24,344*
Prepaid expenses	**37,57,072**	*2,04,104*
TDS receivable	**18,96,992**	*10,30,938*
TDS Work contract tax receivable	**1,80,70,863**	*1,22,91,069*
TOTAL	**26,48,32,936**	*8,69,66,952*
G (II) Cash and Bank balances		
Balances with banks		
On Current accounts	**15,23,97,340**	*69,69,713*
On Bank deposits with maturity of less than 3 months (including interest accrued thereon)	**–**	*19,55,66,836*
TOTAL	**15,23,97,340**	*20,25,36,549*

H CONTINGENT LIABILITIES

Contingent liabilities as at March 31, 2014 is ₹ 87,575,533,321/- *(Previous year ₹ 87,575,533,321/-)* towards additional concession fee as given in Note I(i) infra

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

I COMMITMENTS

i. The project has been awarded vide Concession Agreement dated June 22, 2011 by NHAI, to the Company for a concession period of 23 years (including construction period of 3 years). In terms of clause 26.2.1 of the Concession Agreement, the Company is required to pay an estimated additional concession fee of ₹ 87,575,533,321/- upon commencement of commercial operations (Scheduled on June 16, 2014) over the residual concession period.

ii. Estimated amount of other contracts remaining to be executed on capital account net of advances is ₹ 4,782,505,061/- *(Previous year ₹ 12,457,296,906/-)* as at March 31, 2014.

			2013-14	*2012-13*
			₹	₹
J	**OTHER INCOME**			
	Utility shifting income [Refer Note no. M(IX) infra]		–	*2,57,627*
	Gain on sale of current investments		**1,22,642**	*3,12,744*
	TOTAL		**1,22,642**	*5,70,371*
K	**(i)**	**Employee benefits expenses**		
		Salaries	**33,27,647**	–
		Contribution to and provision for:		
		Provident fund	**1,70,349**	–
		Leave encashment	**16,271**	–
		Gratuity	**39,132**	–
		Staff welfare expenses	**3,38,765**	–
		TOTAL	**38,92,164**	–
K	**(ii)**	**Administration Expenses**		
		Rent	**1,71,578**	–
		Professional Fees	**12,20,880**	–
		Car hire charges	**19,62,109**	–
		Travelling and Conveyance	**91,642**	–
		Power and fuel	**48,920**	–
		Printing & Stationery	**40,000**	–
		Miscellaneous expenses	**1,89,090**	–
		TOTAL	**37,24,219**	–
L	**OTHER EXPENSES**			
	Rates and taxes		**7,650**	*4,509*
	Interest paid to others		**5,97,728**	–
	Auditors' remuneration [refer Note L(i) infra]		**5,30,471**	*2,01,412*
	Business Promotion Expenses		**12,36,322**	*18,40,038*
	Corporate social responsibility expenses		–	*4,67,894*
	TOTAL		**23,72,171**	*25,13,853*
L	**(i)**	**Details of auditors' remuneration (including service tax)**		
		For Statutory audit fees	**2,24,720**	*1,12,360*
		For Company Law Matters	**16,854**	*17,422*
		For Other Services	**1,33,709**	*71,630*
		For Reimbursement of expenses	**14,738**	–
		For Taxation matters	**1,40,450**	–
		TOTAL	**5,30,471**	*2,01,412*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

M. OTHER NOTES FORMING PART OF ACCOUNTS

M (I) Corporate information

The Company has been awarded to augment the existing road from KM 000.00 to KM 244.120 (approximately 244.120 km) on the Beawar – Pali - Pindwara Section of National Highway No.14 in the State of Rajasthan by four-Laning on Design, Build, Finance, Operate and Transfer (DBFOT) basis, under Concession Agreement dated June 22, 2011 with the National Highways Authority of India (NHAI).

The Concession Agreement is for a period of 23 years from the appointed date (communicated by NHAI as December 19, 2011) as stated in clause 3.1.1 of Article-3 of the Concession Agreement.

At the end of the concession period, the entire facility has to be transferred to NHAI, free and clear of all encumbrances, vide Article 38.1.1 of the Concession Agreement.

M (II) Taxes on Income

The Company does not have taxable income as per the provisions of Income Tax Act, 1961. Hence, no provision has been made for current tax. Deferred tax asset on business losses is not recognised in books considering the concept of virtual certainty.

M (III) Disclosures pursuant to Accounting Standard (AS)18 – Related Party Disclosure

A. List of Related Parties with whom control exists / transactions have taken place during the current year / *previous year*:

Holding companies:

a. L&T Infrastructure Development Projects Limited (Holding Company)

b. Larsen & Toubro Limited (Ultimate Holding Company)

Fellow subsidiaries:

a. L&T Halol Shamlaji Tollway Limited

b. L&T Vadodara Bharuch Tollway Limited

c. L&T Panipat Elevated Corridor Limited

d. L&T Rajkot-Vadinar Tollway Limited

e. L&T Ahmedabad Maliya Tollway Limited

f. L&T Western Andhra Tollway Limited

B. Transactions with Related Parties

Name of the party and Nature of transaction	**2013-14**	*2012-13*
	₹	₹
L&T Infrastructure Development Projects Limited		
– Share Capital	**502,650,000**	*1,148,600,000*
– Promoter's Mezzanine Debt	**2,108,000,000**	–
– Facility management service expenses	**6,700,582**	*5,351,518*
– Business support services expenses	**17,738,777**	*12,642,378*
– Reimbursement of expenses received	**703,114**	*451,288*
– Project advisory service expenses	**367,785,432**	–
Larsen & Toubro Limited		
– Mobilisation advance paid	**–**	*1,192,500,000*
– Construction cost	**9,442,373,559**	*6,522,336,037*
– Reimbursement of expenses charged to	**7,113,236**	*6,753,235*
– Reimbursement of expenses charged by	**70,281,668**	*27,391,731*
– Payroll processing fee	**202,248**	*202,248*
– Software Charges	**1,661,243**	–
L&T Halol Shamlaji Tollway Limited		
– Purchase of Fixed Asset	**1,063,007**	*321,649*
– Sale of Fixed Asset	**35,229**	–
– Advance received and repaid	**–**	*242,324*
– Reimbursement of expenses charged by	**27,139**	*5,000*
– Reimbursement of expenses charged to	**92,262**	–
L&T Vadodara Bharuch Tollway Limited		
– Reimbursement of expenses charged to	**19,000**	*19,000*
L&T Panipat Elevated Corridor Limited		
– Reimbursement of expenses charged by	**–**	*15,043*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Name of the party and Nature of transaction	2013-14	2012-13
	₹	₹
L&T Rajkot-Vadinar Tollway Limited		
– Purchase of Fixed Asset	**42,328**	*198,366*
– Reimbursement of expenses charged by	**57,101**	–
L&T Ahmedabad Maliya Tollway Limited		
– Purchase of Fixed Asset– Reimbursement of expenses charged by	**1,069,356**	*1,397*
L&T Western Andhra Tollway Limited		
– Reimbursement of expenses charged by	**117,132**	–

C. Due to / due from related parties:

Name of the party	As at March 31, 2014		As at March 31, 2013	
	Due to	Due from	Due to	Due from
	₹	₹	₹	₹
L&T Infrastructure Development Projects Limited	2,108,000,000	43,892	–	–
Larsen & Toubro Limited	2,102,423,300	–	2,384,919,694	1,596,637,162

D. No amount due to / due from related parties has been written off or written back during the current year and *previous year*.

M (IV) Disclosure pertaining to Accounting Standard AS-15 (revised) on Employee benefits:

a) The amounts recognized in the Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated Absences	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
– Wholly funded	**–**	–	**–**	–
– Wholly unfunded	**1,408,028**	*950,876*	**2,029,231**	*1,839,151*
Less : Fair value of plan assets	**–**	–	**–**	–
Amount to be recognized as liability or (asset)	**1,408,028**	*950,876*	**2,029,231**	*1,839,151*
B) Amounts reflected in the Balance Sheet				
Liabilities	**1,408,028**	*950,876*	**2,029,231**	*1,839,151*
Assets	**–**	–	**–**	–
Net Liability / (asset)	**1,408,028**	*950,876*	**2,029,231**	*1,839,151*

b) The amounts recognized in the Intangible Assets under development / Statement of Profit and Loss are as follows:

Particulars	Gratuity plan		Compensated Absences	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
	₹	₹	₹	₹
1 Current service cost	**456,023**	*436,290*	**332,593**	*418,945*
2 Interest on Defined benefit obligation	**77,021**	*15,405*	**148,484**	*31,506*
3 Expected return on plan assets	**–**	–	**–**	–
4 Actuarial losses/(gains)	**(75,892)**	*49,026*	**(278,960)**	*613,102*
5 Past service cost	**–**	*268,924*		*427,038*
Total (1 to 5)	**457,152**	*769,645*	**202,117**	*1,490,591*
i Amount included in “employee benefit expenses”	**457,152**	*769,645*	**202,117**	*1,490,591*
ii Amount included as part of “finance costs”	**–**	–	**–**	–
Total (i)+(ii)	**457,152**	*769,645*	**202,117**	*1,490,591*
Actual return on plan assets	**–**	–	**–**	–

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Details of Gratuity and Compensated absences included in preoperative expenses and recognized in Statement of Profit and Loss are as below (Figures in brackets relate to *previous year*):

Particulars	Preoperative expenses	Statement of Profit and Loss*	Total
	₹	₹	₹
Gratuity	365,722 *(615,716)*	91,430 *(153,929)*	457,152 *(769,645)*
Compensated absences	152,063 *(11,92,472)*	38,016 *(298,118)*	190,079 *(1,490,590)*

* refer note M(IX) w.r.t. net of reimbursements on a proportionate basis

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	**950,876**	*181,231*	**1,839,151**	*392,762*
Add: Current service cost	**456,023**	*436,290*	**332,593**	*418,945*
Add: Interest cost	**77,021**	*15,405*	**148,484**	*31,506*
Add/(less): Actuarial losses/(gains)	**(75,892)**	*49,026*	**(278,960)**	*613,102*
Less: Benefits paid	**–**	*–*	**(12,037)**	*(44,201)*
Add: Past service cost	**–**	*268,924*	**–**	*427,038*
Closing balance of the present value of defined benefit obligation	**1,408,028**	*950,876*	**2,029,231**	*1,839,152*

d) **Principal actuarial assumptions at the Balance Sheet date:**

Particulars		As at March 31, 2014	As at March 31, 2013
1	Discount rate:		
	a) Gratuity plan	**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*

e) **Contribution to provident fund is made on actual liability basis.**

M (V) **Earnings in foreign currency during the year is ₹ Nil *(Previous year ₹ Nil)*.**

Expenditure in foreign currency during the year is ₹ Nil *(Previous year ₹ Nil)*.

M (VI) **Disclosure pursuant to Accounting Standard (AS) 17 – Segment Reporting**

The Company is solely engaged in the business of construction, operation and maintenance of infrastructure facility in India. Accordingly, furnishing details of primary business segments and secondary segments as required in Accounting Standard 17 "Segment Reporting" does not arise.

M (VII) **Disclosure pursuant to Accounting Standard (AS) 19 – Leases**

The Company has taken office & guest house premises on cancellable operating lease.

Details of lease rental included in preoperative expenses and recognized in Statement of Profit and Loss are as below (Figures in brackets relate to *previous year*):

Particulars	Preoperative expenses	Statement of Profit and Loss*	Total
	₹	₹	₹
Lease Rentals	2,171,686 *(4,478,469)*	400,890 *(515,939)*	2,572,576 *(4,994,408)*

* refer note M(IX) w.r.t. net of reimbursements on a proportionate basis Z

Contingent rent recognised during the year ₹ Nil *(Previous year ₹ Nil)*.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

M (VIII) Disclosure pursuant to Accounting Standard (AS) 20 – Earnings Per Share

Basic and Diluted earnings per share (EPS) computed in accordance with Accounting Standards (AS) 20 "Earnings per Share" is as follows:

Particulars		2013-14	2012-13
Basic and Diluted			
Profit / (Loss) after tax as per Accounts (₹)	A	(20,606,419)	(2,119,726)
Weighted average number of shares outstanding	B	233,523,836	92,667,493
Basic and Diluted EPS (₹)	A/B	(0.09)	(0.02)
Nominal value per equity share		10.00	10.00

M (IX) Utility Shifting Transactions

As per the provisions of the Concession Agreement entered into with NHAI, the Company shall, with the assistance of NHAI, undertake shifting of any utility including electrical lines, water pipes and telephone cables, the cost of which shall be borne by NHAI / by the entity owning such utility. Accordingly, the Company has undertaken various utility shifting works and received reimbursements from NHAI.

The sub-contract expenses and indirect expenses (on a proportionate basis) incurred and reimbursed by NHAI towards such utility shifting work are presented in the Statement of Profit and Loss, net of reimbursements from NHAI. The sub-contract expenses incurred where reimbursement is under approval from NHAI as at March 31, 2014 have been accrued as Liability for expenses and accounted as Utility shifting recoverable from NHAI based on the back to back agreement entered into with the vendors for such subcontract expenses. The sub-contract expenses to be incurred by the Company, have been immediately recognised in Statement of Profit and Loss.

During the *previous year* , the expenses incurred and reimbursement received from NHAI had been disclosed as 'Expense' and 'Revenue' respectively in the Statement of Profit and Loss, which have been adjusted in line with current year classification.

M (X) Previous year figures are regrouped or reclassified wherever necessary.

N. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), 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.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, allowance for doubtful advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates and would be 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 is presented in Indian Rupees to two decimals places.

3. Revenue recognition

Other income is accounted for as and when the right to receive arises.

4. Tangible Fixed Assets

Tangible Fixed Assets are stated at original cost less accumulated depreciation.

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

5. Depreciation

Tangible fixed assets are depreciated on straight-line basis at the rates specified in Schedule XIV to The Companies Act, 1956. In respect of the following categories of fixed assets, depreciation is provided at higher rates in line with their estimated useful life.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Category of Asset	Depreciation rate (% per annum)
Office Equipment	25.00%
Computers – Laptop	25.00%
Furniture and Fixtures	10.00%
Air conditioners	8.33%
Printers	25.00%
Computers – Desktop	25.00%
Vehicles	14.29%

Assets costing less than ₹ 5,000/- are charged off to Preoperative expenses in the year of purchase.

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

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

6. **Intangible assets**

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

Pre-operative expenses including administrative and other general overhead expenses which are specifically attributable to the construction of project, incurred up to the date of completion of construction are capitalized net of interest income, capital gain, dividend income and other incidental income earned.

7. **Investments**

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

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

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

8. **Impairment of Assets**

At each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. The provision for impairment loss, if any; and

b. The reversal of impairment loss recognised in previous period, if any,

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

Recoverable amount is determined:

a. in case of an individual asset, at the higher of net selling price and net value in use;

b. in case of 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 net value in use.

(Value in use is determined as 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.)

9. **Taxes on Income**

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

Deferred tax is recognized on timing differences between the accounting income accounted in financial statements 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 asset relating to unabsorbed depreciation/business losses and losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

Other deferred tax asset are recognised 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 asset can be realised.

10. **Borrowing Costs**

Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discount/premiums related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Borrowing costs that are attributable to the acquisition or construction of qualifying asset, net of income from temporary investments out of specific borrowings, are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

11. Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Post Employment Benefits

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

b) Defined Benefit Plans: The Company's obligation towards gratuity is a defined benefit plan.

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

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

Actuarial gains and losses specifically attributable to the project are accounted under pre – operative expenses pending allocation to fixed asset. All others are recognized in the Statement of Profit and Loss.

c) 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.

12. Leases

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to Statement of Profit and Loss on accrual basis. Lease rentals specifically attributable to the project are accounted under pre-operative expenses pending allocation to fixed assets

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) the Company has a present obligation as a result of a past event.

b) a probable outflow of resources is expected to settle the obligation, and

c) 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:

a) 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.

b) A possible obligation arising from a past event unless the probability of outflow of resources is remote

Contingent Assets are neither recognized, nor disclosed.

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

14. Deferred Payment Liability

Deferred payment liability towards additional concession fee payable under the Concession agreement are recognized, when the Company becomes entitled to commence commercial operations and exercise the right to collect toll and the Authority has fulfilled its obligations in accordance with the terms of the concession agreement.

15. Cash and bank balances

Cash and bank balances also include fixed deposits. 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 bank balances.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

16. **Commitments**

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

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to subsidiary, associate and joint venture companies; and

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

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

17. **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.

18. **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 indirect method, the net profit is adjusted for the effects of:

i) Transactions of 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 date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

SUDHIR JAIN
Manager

T. S. VENKATESAN
Director

SHARAD GOEL
Director

Place : Chennai
Date : May 12, 2014

Place : Ahmedabad
Date : May 8, 2014

Place : Chennai
Date : May 6, 2014