

DIRECTORS' REPORT

The Directors have pleasure in presenting their tenth report and the Accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

The key financial parameters of your Company for the year ended 31st March 2016 are given below:

Sl. No	Particulars	2015-16	2014 - 15
		LKR. Mn	LKR. Mn
	ASSETS		
1	Non-Current Assets	0.11	0.32
2	Current Assets	2074.72	2,067.62
	Total	2074.83	2067.94
	EQUITY & LIABILITIES		
3	Total Equity	1484.13	1,478.87
4	Non-Current liabilities	0.22	0.25
5	Current liabilities	590.48	588.82
	Total	2074.83	2067.94

PERFORMANCE OF THE COMPANY

Your Company is evaluating various options and the Directors are confident that the issues will get resolved in the coming financial year paving way for the project.

DIRECTORS OF THE COMPANY

The Directors of the Company as at 31st March 2016 are:

Mr. K. Venkatesh

Mr. T. S. Venkatesan

Mr. Karthikeyan T. V.

Mr. Vishal Mathur

Mr. S. R. Thusharajith Abeyasiriwardene

Mr. Lakvijaya Sagara Palansuriya, Chairman, NHDA

Mr. Hewa Minatthuge Dayananda, General Manager, NHDA

DIRECTOR'S INTEREST IN SHARES OF THE COMPANY

Directors, Mr. K. Venkatesh, Mr. Karthikeyan T. V. and Mr. Vishal Mathur, are holding one ordinary share of LKR. 10 each.

TRANSACTIONS IN WHICH DIRECTORS ARE INTERESTED

All Directors have declared that they have no interest in any contract with the Company as on March, 31, 2016. Mr. K. Venkatesh, Director of the Company is interested to the extent of his directorship in L&T Infrastructure Development Projects Limited in respect of the Share Purchase Agreement executed on April 4, 2016.

CAPITAL EXPENDITURE

As at 31st March, 2016, the gross fixed assets stood at LKR. 2.28 Million, the depreciation stood at LKR. 2.17 Million and the net fixed assets at LKR. 0.11 Million.

AUDITORS REPORT

The Auditors Report to the Shareholders does not contain any qualifications. The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore does not call for any further comments of Directors.

POST BALANCE SHEET EVENTS

The Shareholders of the Company had entered into a Share Purchase Agreement with with an investor on 4th April, 2016 to sell their stake. The Directors nominated by the promoter, L&T Infrastructure Development Projects Limited, shall resign upon completion of the transaction under the said Agreement.

The transaction is subject to necessary approvals and satisfaction of conditions precedent stipulated in the Agreement.

L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LANKA (PRIVATE) LIMITED

AUDITORS

The Accounts for the year have been audited by M/s. Amerasekera & Co., who have expressed their willingness to continue in office for the year 2015-16.

In accordance with the Companies Act No. 07 of 2007, a resolution relating to the appointment of Statutory Auditors and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENTS:

The Directors acknowledge the invaluable support extended to the Company by the Board of Investment of Sri Lanka, National Housing Development Authority – Sri Lanka, financial institutions, Bankers, employees of the Company, staff and management of the parent company.

T. S. VENKATESAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai, India
Date : 4th April, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of L&T Infrastructure Development Projects Lanka (Private) Limited

Report of the Financial Statements

We have audited the financial statements of L & T Infrastructure Development Projects Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2016 and the statement of profit and loss and other comprehensive income, statement of changes in equity and, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 02 to 14.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that 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 Sri Lanka Auditing Standards. 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 risk 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 entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the companies' Act No. 07 of 2007, we state the following:

- a) The basis of opinion and Scope and limitations of the audit are as stated above.
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination , proper accounting records have been kept by the Company,
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS

COLOMBO

Date: 4 April, 2016.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	<i>Expressed in Sri Lankan Rupees</i>	
	2016	2015
Other Income	–	25,005,254
Profit Before Taxation	–	25,005,254
Income Tax Expense (Tax on Distributable Profits)	–	(1,250,263)
Profit for the Year	–	23,754,991
Other Comprehensive Income	–	–
Total Comprehensive Income for the Year	–	23,754,991

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages ----- to -----form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

<i>Expressed in Sri Lankan Rupees</i>			
	<u>Note</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	113,734	315,123
Intangible Assets	6	–	–
Total Non-Current Assets		<u>113,734</u>	<u>315,123</u>
Current Assets			
Inventory - Project Under Development	7	2,044,665,849	2,037,874,986
Deposits, Advances and Other Receivables	8	29,237,647	28,940,304
Cash and Cash Equivalents	9	807,854	810,957
Total Current Assets		<u>2,074,711,350</u>	<u>2,067,626,247</u>
Total Assets		<u>2,074,825,084</u>	<u>2,067,941,370</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	10	1,543,638,250	1,538,386,250
Retained Earnings (at debit)		(59,511,423)	(59,511,423)
Total Equity		<u>1,484,126,827</u>	<u>1,478,874,827</u>
Non-Current Liabilities			
Retirement Benefits Obligation	11	216,795	250,646
Total Non-Current Liabilities		<u>216,795</u>	<u>250,646</u>
Current Liabilities			
Amounts Due to Related Parties	12	22,862,092	22,862,092
Other Payables and Accrued Expenses	13	567,619,369	565,953,804
Total Current Liabilities		<u>590,481,462</u>	<u>588,815,896</u>
Total Equity and Liabilities		<u>2,074,825,084</u>	<u>2,067,941,370</u>

I certify that these Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

AYESHA THOMAS
Finance Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board,

KARTHIKEYAN T. V.
Director

MATHEW GEORGE
Director

Colombo

Date: 4 April, 2016.

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages ----- to ----- form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016*Expressed in Sri Lankan Rupees*

	Stated Capital	Retained Earnings (at debit)	Total
Balance as at 1 April 2014	1,533,476,000	(83,266,414)	1,450,209,586
Issuance of Ordinary Shares	4,910,250	–	4,910,250
Total Comprehensive Income for the Year	–	23,754,991	23,754,991
Balance as at 31 March 2015	1,538,386,250	(59,511,423)	1,478,874,827
Issuance of Ordinary Shares	5,252,000	–	5,252,000
Total Comprehensive Income for the Year	–	–	–
Balance as at 31 March 2016	1,543,638,250	(59,511,423)	1,484,126,827

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages ----- to ----- form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	Expressed in Sri Lankan Rupees	
		2016	2015
Cash Flows from Operating Activities			
Profit Before Taxation		–	25,005,254
Working Capital Changes			
Inventory – Project Under Development		(6,583,474)	(32,538,552)
Deposits, Advances and Other Receivable		(297,343)	7,739
Retirement Benefit Obligation		(33,851)	25,104
Other Payables and Accrued Expenses		1,665,566	2,774,944
Cash used in Operations		(5,249,103)	(4,725,511)
Gratuity Paid During the Year		–	(56,819.52)
Net Cash used in Operating Activities		(5,249,103)	(4,782,330)
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(6,000)	(132,780)
Net Cash used in Investing Activities		(6,000)	(132,780)
Cash Flows from Financing Activities			
Cash Received from Issuance of Shares		5,252,000	4,910,250
Net Cash Flow from Financing Activities		5,252,000	4,910,250
Net Changes in Cash and Cash Equivalents During the Year		(3,103)	(4,860)
Cash and Cash Equivalents at Beginning of the Year		810,957	815,817
Cash and Cash Equivalents at End of the Year	Note 9	807,854	810,957

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages ----- to -----form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Expressed in Sri Lankan Rupees

1. CORPORATE INFORMATION

1.1 General

L&T Infrastructure Development Projects Lanka (Private) Limited (Formally known as Bay Sat G.M.B.H Lanka (Private) Limited) ("Company") is a private limited liability company, incorporated on 20 April 2006 domiciled in Sri Lanka and is a BOI venture under the section 17 of the Board of Investment of Sri Lanka Law No. 04 of 1978. The registered office of the Company and principal place of business is located at 5-4/1, 19th Lane, Colombo 03.

1.2 Principal Activities and Nature of Operations

The principal business of the company is to carry on the business of Property developers and to design, build, manage and market commercial, residential, condominium and mixed development projects.

On June 23, 2006 the Company has entered into a Joint Venture Agreement with the National Housing Development Authority (NHDA) for the development of a Hi-rise building total of 1.1 million sq.ft. The Company is engaged only in the aforementioned project. The project is an ongoing project and has obtained all the necessary approvals from the Colombo Municipal Council and awaits the financial documents to be executed with the lenders. The joint venture partners and the Parent Company are fully committed to the continuation and realization of the project.

In August 2008, sanctions had been received from banks for the debt requirement of the project. However, financial closure could not be achieved since the lenders sought certain amendments to the joint Venture Agreement with respect to creation of security. After extensive discussion with NHDA and other government agencies/officials, a draft addendum to the said JV agreement was received from NHDA in March 2011 for the company's review and comments.

Consequently, after the meeting held on 30 April 2013 between L&T IDP Lanka and Sri Lanka Government Officials, the terms of balance of payment for land and time frame for starting construction were finalized which was incorporated in the addendum to the agreement and has been sent to the Sri Lankan government officials for approval. The NHDA had confirmed by their letter dated 20 October 2014, the cabinet and their Board approval for the "Addendum to the Agreement" with the new repayment schedule of the total liability amounting to Rs. 712,000,000/- (inclusive of the profit share of Rs. 162,000,000/-) to be paid within 6 months in 3 installments from the date of the execution of the addendum to the agreement. Subsequently, the NHDA has confirmed the repayment plan and confirmed that the agreement will be signed on 23 June 2016 by their letter dated 17 February 2016.

Marketing activities will be launched upon the achievement of financial closure.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is L&T Infrastructure Development Projects Limited. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is Larsen & Toubro Limited, which is incorporated in India and the company is a sub-subsidiary.

1.4 Date of Authorization for Issue

The Financial Statements of L&T Infrastructure Development Projects Lanka (Private) Limited for the year ended 31 March 2016 are authorized for issue on 04 April 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared under the historical cost convention in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities' (SLFRS for SMEs).

The preparation of financial statements in conformity with the SLFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in note 3.

2.2 Going Concern

The Directors have made an assessment of the ability of the Company to continue as a going concern in the foreseeable future, even though the Company has made a loss during the year. The Company has adequate resources and support to continue its operations in the foreseeable future. Financial Statements are prepared based on going concern basis.

2.3 Foreign Currency Translation

Transactions in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Sri Lanka Rupees at the closing rate of exchange prevailing at that date.

2.4 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)*Expressed in Sri Lankan Rupees*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Computer Equipment	4 Years	25 %
Furniture and Fittings	5 Years	20 %
Office Equipment	8 Years	12.5%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.5 Intangible Assets

Acquired computer software and operating systems are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Computer Software 4 Years 25%

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.6 Impairment of Non-Financial Assets

Assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.7 Basic Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets have expired or settled and the company has transferred substantially all risks and rewards of ownership of the financial assets to another party. The company derecognizes a financial liability when the obligation specified in the contract is discharged, is cancelled or expires.

At the end of each reporting period financial instruments are measured at amortized cost using the effective interest method.

At the end of each reporting period, the company assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the impairment loss is recognized in profit or loss immediately.

2.8 Inventories

Project under Construction

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value. Cost includes:

- Freehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognized in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed. However, since the project under construction such NRV calculation is not required.

2.9 Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.10 Stated Capital

Stated capital represents the value of shares that have been issued. Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)

Expressed in Sri Lankan Rupees

2.11 Current and Deferred Tax

Current Taxation

Income Tax in respect of the profits and Income of the Company is exempted for a period of ten (10) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period") the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax shall not apply in respect of the profits and income of the Enterprise.

For the above purpose the year of assessment shall be reckoned from the year in which the Enterprise commences to make profits in relation to its transaction in that year or any year of assessment not later than two (02) years from the date of commencement of commercial operations of the Enterprise, whichever year is earlier, as may be specified in a certificate issued by the Board.

After the expiration of the aforesaid tax exemption period above, the profits and income of the Enterprise shall be charged at the rate of fifteen percent (15%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the Enterprise is exempted from the income tax (the concessionary tax rate of fifteen per cent (15%).

These exemptions are in accordance with the BOI Registration No. 976 dated 14 July 2006 and supplementary agreement thereto Agreement No. 361 dated 19 July 2007.

Deferred Tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

However, the company does not recognize the deferred taxation due to insignificance of the temporary differences during the 10 years tax holiday.

2.12 Employee Benefits

The company has both defined benefit and defined contribution plans.

a) Defined Contribution Plan

A defined contribution plan is a post employment benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

The company contributes 12% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

b) Defined Benefit Plan

The company obligation in respect of defined benefits plan is the present value of the defined benefits obligation at the end of the reporting period. The defined benefits obligation is measured annually using the projected unit credit method calculated using the gratuity formula. The present value of the defined benefits obligation is determined by discounting the estimated future benefits that employees have earned in return for their services in the current and prior period.

Gains and losses arising from changes in the assumptions, current service cost and interest are recognized in the statement of comprehensive income in the period in which they arise.

The retirement benefits obligation is not externally funded.

c) Short-Term Employee Benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employee.

2.13 Provisions and Contingent Liabilities

Provisions for operational expenses are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.14 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)*Expressed in Sri Lankan Rupees*

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes, and recognized on accrual basis.

However, the operations of the company are not yet being commenced.

2.16 Expenses

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

2.17 Events after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.18 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1 Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:**Useful Life Time of Depreciable Assets**

The Company reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets.

Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on projected unit credit unit method using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate disclosed in the note 11 Any changes in these assumptions will impact the carrying amount of defined benefits obligation.

4. STATEMENT OF CASH FLOWS

The Cash Flow Statement has been prepared using the indirect method.

5. PROPERTY, PLANT AND EQUIPMENT**Cost**

Description	Balance as at 1 April 2015	Additions	(Disposals)	Balance as at 31 March 2016
Computer Equipment	568,980	6,000	(200,045)	374,935
Furniture and Fittings	59,580	–	–	59,580
Office Equipment	1,759,715	–	(29,290)	1,730,425
	<u>2,388,275</u>	<u>6,000</u>	<u>(229,335)</u>	<u>2,164,940</u>

Depreciation

Description	Balance as at 1 April 2015	Additions	(Disposals)	Balance as at 31 March 2016
Computer Equipment	473,690	30,570	(200,045)	304,215
Furniture and Fittings	59,580	–	–	59,580
Office Equipment	1,539,882	176,819	(29,290)	1,687,411
	<u>2,073,152</u>	<u>207,389</u>	<u>(229,335)</u>	<u>2,051,206</u>
Written Down Value	<u>315,123</u>			<u>113,734</u>

The cost of the fully depreciated assets included in the property, plant and equipment is Rs. 654,938/- (2015 - Rs. 818,563/-).

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)

Expressed in Sri Lankan Rupees

6 INTANGIBLE ASSETS

	2016	2015
Computer Software		
Cost		
Balance at the Beginning of the Year	116,150	116,150
Acquired During the Year	—	—
Balance at the End of the Year	116,150	116,150
Amortization		
Balance at Beginning of the Year	116,150	116,150
Amortized During the Year	—	—
Balance at the End of the Year	116,150	116,150
Total Net Carrying Amount	—	—

7 INVENTORY - PROJECT UNDER DEVELOPMENT

Land		1,238,890,638	1,238,890,638
Project Work-in-Progress	(Note 7.1)	722,893,653	716,102,790
Construction Work-in-Progress	(Note 7.2)	82,881,558	82,881,558
		<u>2,044,665,849</u>	<u>2,037,874,986</u>

7.1 Project Work-in-Progress

Balance as at 1 April	716,102,790	708,331,934
Project Expenses	157,000	287,107
Salaries and Staff Welfare	1,710,532	1,877,751
Rent, Rates and Tax	3,794,000	3,672,250
Traveling and Conveyance	133,216	127,526
Repair and Maintenances Cost	249,064	286,922
Electricity Charges	2,356	4,882
Communication Charges	58,372	110,006
Provision for Gratuity	(33,851)	25,105
Depreciation	207,389	237,558
Other Expenses	512,785	1,141,749
Balance as at 31 March	<u>722,893,653</u>	<u>716,102,790</u>

7.2 Construction Work-in-Progress

Engineering Construction and Contracts	<u>82,881,558</u>	<u>82,881,558</u>
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8 DEPOSITS, ADVANCES AND OTHER RECEIVABLES

	2016	2015
Deposits	550,840	540,840
Advances	14,781,449	14,494,106
Value Added Tax (VAT)	13,905,358	13,905,358
	<u>29,237,647</u>	<u>28,940,304</u>

Advance includes an amount of Rs. 1,876,217/- recoverable from National Housing development Authority in respect of payment made to Colombo Municipal Council on account of municipal rates for project land.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)*Expressed in Sri Lankan Rupees***9 CASH AND CASH EQUIVALENTS**

	2016	2015
Cash and Bank Balances	807,854	810,957

10 STATED CAPITAL

	2016		2015	
	No. of Shares	Value	No. of Shares	Value
<i>Issued and Fully Paid,</i>				
Balance as at 1 April	153,838,625	1,538,386,250	153,347,600	1,533,476,000
Issuance of Shares for Cash	525,200	5,252,000	491,025	4,910,250
Balance as at 31 March	154,363,825	1,543,638,250	153,838,625	1,538,386,250

11 RETIREMENT BENEFITS OBLIGATION

	2016	2015
Balance at 1 April	250,646	282,362
Expense Recognized in Project Under Development	(Note 11.1) (33,851)	25,104
Payments Made	–	(56,820)
Balance at 31 March	216,795	250,646

11.1 Expense Recognized in Project Under Development (Inventory)

Current Service Cost	21,680	27,850
Interest Cost	22,558	25,413
(Gain) / Loss arising from changes in the assumptions or due to (over) / under Provision in the Previous Year	(78,089)	(28,158)
	(33,851)	25,104

These assumptions are developed by management is based on the management's best estimates of variables used to measure the retirement benefits obligation

The principal assumptions used are as follows

	2016	2015
Discount rate [%]	9	9
Future Salary Increases – Salary [%]	8	12
Staff Turnover Factor [%]	0	0
Retirement age [Yrs]	55	55

Discount rate is determined by examining the market rate of interest on long term government bond.

12 AMOUNTS DUE TO RELATED PARTIES

	2016	2015
L&T Infrastructure Development Projects Ltd	22,862,092	22,862,092

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (Contd..)*Expressed in Sri Lankan Rupees***13 OTHER PAYABLES AND ACCRUED EXPENSES**

		2016	2015
Payable for Land Acquired	(Note 13.1)	550,000,000	550,000,000
Mock Apartment Rent		15,300,000	12,600,000
Other Accruals / Income Tax Payable		2,319,369	3,353,804
		567,619,369	565,953,804

13.1 This represents the amount payable to National Housing Development Authority as consideration for the land acquired by the company under the joint venture agreement.

14 EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

15 COMMITMENT AND CONTINGENCIES**15.1 Capital Expenditure Commitments**

The company does not have any significant capital commitments as at the reporting date. Except, that the company has entered in to a joint venture agreement with NHDA to develop residential building. The total outstanding commitment to NHDA under this agreement as at 31 March 2016 is Rs. 550,000,000/-. Further, an amount of Rs. 1,876,217/- is receivable from NHDA in respect of other residential expenses.

15.2 Other Commitments

The total liability of Rs. 712,000,000/- payable to NHDA including the capital commitments (for land Rs. 550,000,000/- and profit share Rs. 162,000,000/-) to be paid within 6 months in 3 installments from the date of the execution of the addendum to the agreement. On the letter dated 17 February 2016, the NHDA has confirmed the repayment plan and scheduled to sign the agreement on 23 June 2016 and accordingly, the first payment of Rs. 150,000,000/- would be due on 30 June 2016. The company has not made a provision in the accounts for the profit share of Rs. 162,000,000/- payable as at 31 March 2016.

15.3 Contingencies

The company does not have any significant contingencies as at 31 March 2016.

16 ASSETS PLEDGED

The company does not have any assets which are pledged as at 31 March 2016.

17 RELATED PARTY TRANSACTIONS

Details of significant related party disclosures are as follows:

17.1 Transactions with Key Management Personnel

The Key Management Personnel of the company are the members of its Board of Directors and that of its related entities.

a) Key Management Personnel Compensation

	2016	2015
Short - term Employee Benefits – Directors' Remuneration	Nil	Nil

17.2 Transaction with the Parent and Related Entities

Other Related Companies includes companies of which the parent companies or key management personal of the Company, their close family members have significant influence and has the control over such Companies.

Name of the Company	Name of Common Directors	Relationship	Nature of the Transaction	Amount Due from / (to)
L&T Infrastructure Development Projects Ltd.	Mr. K. Venkatesh Mr. Karthikeyan Mr. T.S. Venkatesan Mr. Vishal Mathur	Parent Company	No Transactions Taken Placed During the Year.	(22,862,092)

Figures in brackets indicate deductions.