# BOARD'S REPORT

The Directors have pleasure in presenting their report and Audited Accounts for the year ended 31st March, 2017.

**FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):**

(₹ in crore)

| **Particulars** | **2016-17** | *2015-16* |
|---|---|---|
| | **₹ Crore** | *₹ Crore* |
| Profit / (Loss) before Depreciation, exceptional and extra ordinary items & Tax | **(247.74)** | *(187.72)* |
| Less: Depreciation, amortization and obsolescence | **43.38** | *35.31* |
| Profit / (Loss) before tax | **(291.12)** | *(223.03)* |
| Less: Provision for tax | **–** | – |
| Profit for the period carried to the balance sheet | **(291.12)** | *(223.03)* |
| Add: Balance brought forward from previous year | **(236.16)** | *(13.13)* |
| **Balance carried to Balance Sheet** | **(527.28)** | *(236.16)* |

**STATE OF COMPANY AFFAIRS:**

The gross revenue and other income for the financial year under review were ₹ 311.70 crore as against ₹ 243.66 crore for the previous financial year registering an increasing of 27.92%. The loss for the year was ₹ 291.12 crore as against loss of the previous year of ₹ 223.03 crore. Since the Commercial Operations Date was achieved in June 2015, the figures for the financial 2015-16 are for 10 (ten) months period only.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties,the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit/Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID hand helds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 22.83%of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹ 10.92 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

**CAPITAL & FINANCE:**

The Company did not raise any funds via issue of Non-Convertible debentures or long term foreign currency loans in USD.

**CAPITAL EXPENDITURE:**

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 4,747.92 crore and the net fixed and intangible assets, including leased assets, at ₹ 4,669.29 crore. Capital Expenditure during the year amounted to ₹ 1.29 crore.

**DEPOSITS:**

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:**

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

**SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

The Company does not have any Subsidiary/Associate/Joint Venture Company.

**PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No. 5 of notes to accounts of this Annual Report.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 is given in Annexure I to this Report.

**AMOUNT TO BE CARRIED TO RESERVE:**

Appropriation of profits to any specific reserves is not applicable to the Company.

**DIVIDEND:**

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

**DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, technology absorption does not apply.

There was no expenditure or earnings in foreign currency during the year.

**RISK MANAGEMENT POLICY:**

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

**INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY**

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

**CORPORATE SOCIAL RESPONSIBILITY:**

Since the Company does not fulfil the criteria specified under Section 135 of the Act provisions of Corporate Social Responsibility are not applicable to your Company.

**DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE FINANCIAL YEAR:**

Mr. T. S. Venkatesan, Director who had retired by rotation at the Annual General Meeting held on September 29, 2016, was re-appointed as Director at the said Meeting.

Mr. Mathew George, whose term ended on Annual General Meeting held on September 29, 2016 was re-appointed as Director in the said AGM.

The Board of Directors of the Company as on March 31, 2017 are as follows:

| S. No. | Name | Designation | DIN |
|---|---|---|---|
| 1 | Mr. T.S.Venkatesan | Director | 01443165 |
| 2 | Mr. Manoj Kumar Singh | Director | 05228599 |
| 3 | Mr. Mathew George | Director | 07402208 |
| 4 | Ms. SamyukthaSurendran | Independent Director | 07138327 |
| 5 | Dr. A.Veeraragavan | Independent Director | 07138615 |

Mr. SharadPancholy was appointed as the Manager of the Company with effect from October 20, 2016.

Mr. Karthikeyan T.V. had resigned as Company Secretary of the Company with effect from January 10, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

| S.No. | Name of the KMP | Designation | Date of appointment |
|---|---|---|---|
| 1 | Mr. P Padmanabhan | Chief Financial Officer (CFO) | October 28, 2014 |
| 2 | Mr. SharadPancholy | Manager | October 20, 2016 |

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review, 6(six) meeting was held and the details of which are hereunder:

| Date | Board Strength | No of Directors Present |
|---|---|---|
| April 28, 2016 | 5 | 4 |
| July 14, 2016 | 5 | 3 |
| September 16, 2016 | 5 | 3 |
| October 20, 2016 | 5 | 4 |
| January 16, 2017 | 5 | 4 |
| March 15, 2017 | 5 | 4 |

**INFORMATION TO THE BOARD**

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

**AUDIT COMMITTEE:**

The Company has constituted an Audit Committee in terms of the requirements of the Act, comprising of Dr.A. Veeraragavan, Ms. Samyuktha Surendranand Mr. T.S. Venkatesan

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder. Details of the meetings held during the year are given below:

| Date | Strength of the Committee | No. of members present |
|---|---|---|
| April 28, 2016 | 3 | 3 |
| July 14, 2016 | 3 | 2 |
| September 16, 2016 | 3 | 2 |
| October 20, 2016 | 3 | 3 |
| January 16, 2017 | 3 | 3 |
| March 15, 2017 | 3 | 3 |

The Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act.

**COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:**

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder comprising of Dr. A. Veeraragavan, Ms. Samyuktha Surendranand Mr. T. S. Venkatesan.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are hereunder:

| Date of Meetings | Committee strength | No. of Members Present |
|---|---|---|
| October 20, 2016 | 3 | 3 |

The Committee has formulated a policy on director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

**DECLARATION OF INDEPENDENCE:**

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

**DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:**

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 7, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

**DISCLOSURE OF REMUNERATION:**

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

**PROTECTION OF WOMEN AT WORKPLACE:**

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

**AUDITORS:**

The Company in the 4th Annual General Meeting held on September 22, 2015 for the Financial Year 2015-16 had appointed M/s. Sharp &Tannan, Chartered Accountants, (Firm Reg no: 003792S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 9th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Sharp & Tannan, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' report for the financial year 2016-17 does not contain any significant qualifications or matter of emphasis. The notes to accounts referred to in the Auditors' report are self – explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013

**COST AUDITORS:**

Pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed Mr. K. Suryanarayanan (Membership No 24946) Cost Accountant in practice, as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-17 at a remuneration of ₹ 75,000/- per annum. The remuneration payable to the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016. The report of the Cost Auditors for the financial year 2016-17 will be filed with Ministry of Corporate Affairs once the same is finalized.

**SECRETARIAL AUDITORS:**

M/s. M. Alagar& Associates, a firm of Company Secretaries in practice were appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under section 204 of the Act and rules made thereunder.

The Secretarial Audit Report dated April 20, 2017 issued by Mr. M.Alagar (C.O.P No.8196), Proprietor of the firm is attached as Annexure III to this Annual Report.

The Secretarial Auditor's report to the shareholders is unqualified.

**EXTRACT OF ANNUAL RETURN:**

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as Annexure II to this Report.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

| | | |
|---|---|---|
| | **T. S. VENKATESAN** | **MATHEW GEORGE** |
| *Place : Chennai* | *Director* | *Director* |
| *Date : April 27, 2017* | *DIN: 01443165* | *DIN: 07402208* |

# ANNEXURE I

## FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under the third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

| Name of the related party | Nature of relationship | Nature of contract/ arrangement/ transactions | Duration of contract/ arrangement/ transactions | Salient terms of contract/ arrangement/ transactions | Amount (₹) |
|---|---|---|---|---|---|
| Larsen & Toubro | Ultimate Holding Company | Service Received | FY 16-17 | Other Service | 1,15,84,147.00 |
| L&T Infrastructure Development Projects Limited | Holding Company | Service Received | FY 16-17 | BSS and O&M fee | 3,03,29,165.00 |
| | | ICD | FY 16-17 | Mezzanine Debt | 2,00,00,000.00 |
| | | Sale of Assets | FY 16-17 | Assets Sale | 1,26,018.00 |
| Ahmedabad MaliyaTollway Limited | Fellow subsidiary | Assets Purchase | FY 16-17 | Assets purchase | 1.00 |
| L&T Rajkot VadinarTollway Limited | Fellow subsidiary | Assets Purchase | FY 16-17 | Assets purchase | 18,55,502.00 |
| L&T Deccan Tollways Limited | Fellow subsidiary | Assets Purchase | FY 16-17 | Assets purchase | 58,340.00 |
| PNG Tollway Limited | Fellow subsidiary | Assets Purchase | FY 16-17 | Assets purchase | 28,63,227.00 |
| L&T HalolShamlajiTollway Limited | Fellow subsidiary | Assets Purchase | FY 16-17 | Assets purchase | 10,802.00 |
| L&T Sambalpur Rourkela Tollway Limited | Fellow subsidiary | Sale of Assets | FY 16-17 | Assets Sale | 58,507.00 |
| L&T Interstate Road Corridor Limited | Fellow subsidiary | Sale of Assets | FY 16-17 | Assets Sale | 51,005.00 |
| L&T Krishnagiri Walajahpet Tollway Limited | Fellow subsidiary | Purchase of Commercial Paper | FY 16-17 | Purchase of Commercial Paper | 24,82,85,750.00 |
| Western Andhra Tollway Limited | Fellow subsidiary | Purchase of Commercial paper | FY 16-17 | Purchase of Commercial Paper | 5,97,47,940.00 |

Date(s) of approval by the Board, if any – 27th April 2017

For and on behalf of the Board

| | | |
|---|---|---|
| *Place : Chennai* | **T.S.VENKATESAN** | **MATHEW GEORGE** |
| *Date : April 27, 2017* | *Director* | *Director* |
| | *DIN: 01443165* | *DIN: 07402208* |

# *ANNEXURE II*

## FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

| | |
|---|---|
| CIN | U45203TN2011PLC080786 |
| Registration Date | 25/05/2011 |
| Name of the Company | L&T BPP TOLLWAY LIMITED |
| Category / Sub-Category of the Company | Company Limited by shares/Indian Non-government Company |
| Address of the Registered office and contact details | P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089 |
| Whether listed company Yes / No | No |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | *NSDL Database Management Limited. 4thFloor,'A' Wing, Trade World, Kamala Mills Compound, SenapatiBapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700) |

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 14, 2016 and the securities were transferred fromSharepro Services (P) Ltd with effect from September 23, 2016.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Construction and maintenance of motorways, streets, roads, other vehicularand pedestrian ways, highways, bridges, tunnels and subways | 42101 | 100% |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S. No | Name And Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | L&T Infrastructure Development Projects Limited | U65993TN2001PLC046691 | Holding | 100% | 2(46) |

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

**i) Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual/HUF | – | – | – | – | – | – | – | – | – |
| b) Central Govt | – | – | – | – | – | – | – | – | – |
| c) State Govt (s) | – | – | – | – | – | – | – | – | – |
| d) Bodies Corp. | 165124998 | 82075000* | 247199998 | 100% | 165124998 | 82075000* | 247199998 | 100% | – |
| e) Banks / FI | – | – | – | – | – | – | – | – | – |
| f) Any Other…. | – | – | – | – | – | – | – | – | – |
| **Sub-total (A) (1):-** | **165124998** | **82075000*** | **247199998** | **100%** | **165124998** | **82075000*** | **247199998** | **100%** | **–** |
| **2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | – | – | – | – | – | – | – | – | – |
| b) Other – Individuals | – | – | – | – | – | – | – | – | – |
| c) Bodies Corp. | – | – | – | – | – | – | – | – | – |
| d) Banks / FI | – | – | – | – | – | – | – | – | – |
| e) Any Other…. | – | – | – | – | – | – | – | – | – |
| **Sub-total (A) (2):-** | | | | | | | | | |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **165124998** | **82075000*** | **247199998** | **100%** | **165124998** | **82075000*** | **247199998** | **100%** | **–** |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **B. Public Shareholding** | | | | | | | | | |
| **1) Institutions** | | | | | | | | | |
| a) Mutual Funds | – | – | – | – | – | – | – | – | – |
| b) Banks / FI | – | – | – | – | – | – | – | – | – |
| c) Central Govt | – | – | – | – | – | – | – | – | – |
| d) State Govt (s) | – | – | – | – | – | – | – | – | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| g) FIIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | – | – | – | – | – | – | – | – | – |
| **Sub-total (B) (1):-** | | | | | | | | | |
| **2) Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | – | – | – | – | – | – | – | – | – |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 2 | – | 2 | 0% | 2 | – | 2 | 0% | – |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | – | – | – | – | – | – | – | – | – |
| c) Others (specify) | – | – | – | – | – | – | – | – | – |
| **Sub-total (B) (2):-** | **2** | **–** | **2** | **0%** | **2** | **–** | **2** | **0%** | **–** |
| **Total shareholding of Promoter (B) = (B)(1)+(B)(2)** | **2** | **–** | **2** | **–** | **2** | **–** | **2** | **0.0001** | **0.00%** |
| **C. Shares held by Custodian for GDRs & ADRs** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Grand Total (A+B+C)** | **165125000** | **82075000*** | **247200000** | **100%** | **165125000** | **82075000*** | **247200000** | **100%** | **–** |

*Includingshares held by nominees of L&T Infrastructure Development Project Limited.

**(ii) Shareholding of Promoters**

| Sl No | Shareholders Name | Shareholding as on April 1, 2016 | | | Shareholding as on March 31, 2017 | | | % change in Shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Share | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | L&T Infrastructure Development Projects Limited(with nominees) | 247199998 | 100% | – | 247199998 | 100% | – | – |
| | **Total** | **247199998** | **100%** | **–** | **247199998** | **100%** | **–** | – |

**(iii) Change in Promoters' Shareholding**

During the year there was no change in the Promoters' shareholding.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | For Each of the Top 10 Shareholders | No. of shares | % of total shares of the company | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares ofthe company |
| 1. | **J. Subramanian** | | | | |
| | As onApril 1, 2016 | 2 | 0% | 2 | 0% |
| | Date wise Increase/Decrease in the Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.): | – | – | – | – |
| | As onMarch 31, 2017 | 2 | 0% | 2 | 0% |

**v) Shareholding of Directors and Key Managerial Personnel:**

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹ Crore)

| Particulars of Indebtedness | Secured Loans excluding deposits | Unsecured Loans | Total Indebtedness |
|---|---|---|---|
| **As on April 1, 2016** | | | |
| i) Principal Amount | 18,226,728,945 | 25,232,057,428 | 43,458,786,373 |
| ii) Interest due but not paid | – | – | – |
| iii) Interest accrued but not due | – | – | – |
| **Total (i+ii+iii)** | **18,226,728,945** | **25,232,057,428** | **43,458,786,373** |
| **Changes during the financial year** | | | |
| Addition | – | 2,742,692,935 | 2,742,692,935 |
| Reduction | 15,322,635 | – | 15,322,635 |
| **Net Change** | **(15,322,635)** | **2,742,692,935** | **(2,727,370,300)** |
| **As on March 31, 2017** | | | |
| i) Principal Amount | 18,211,406,310 | 27,974,750,363 | 11,518,094,051 |
| ii) Interest due but not paid | – | – | – |
| iii) Interest accrued but not due | – | – | – |
| **Total (i+ii+iii)** | **18,211,406,310** | **27,974,750,363** | **11,518,094,051** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

**₹ in Crore**

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|---|---|---|---|
| | | **Manager: Mr.SharadPancholy** | |
| 1. | Gross salary | N.A. | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,706,966 | 1,706,966 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | – | – |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | – | – |
| 2. | Stock Option | – | – |
| 3. | Sweat Equity | – | – |
| 4. | Commission | | |
| | - as % of profit | – | – |
| | - others, specify | – | – |
| 5. | Others, please specify | – | – |
| | **Total (A)** | **1,706,966** | **1,706,966** |
| | **Ceiling as per the Act** | **1,61,96,938** | **1,61,96,938** |

### B. Remuneration to other directors:

₹

| Sl. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---|---|---|---|---|
| 1. | **Independent Directors** | **Dr.A.Veeraragavan** | **Mrs. SamyukthaSurendran** | |
| | Fee for attending Board / Committee Meeting | 2,20,000 | 2,20,000 | 4,40,000 |
| | Commission | – | – | – |
| | Others | – | – | – |
| | **Total (1)** | **2,20,000** | **2,20,000** | **4,40,000** |
| 2. | **Other Non-Executive Directors**<br>**1) Mr. T.S.Venkatesan**<br>**2) Mr. Mathew George**<br>**3) Mr. Manoj Kumar Singh** | | | |
| | No fee for attending Board Meeting / Committee Meeting and no Commission was paid | – | – | – |
| | **Total (2)** | **–** | **–** | **–** |
| | **Total (B)=(1+2)** | **2,20,000** | **2,20,000** | **4,40,000** |
| | **Total Managerial Remuneration** | NA | | |
| | **Overall Ceiling as per the Act** | Sitting fees not more than ₹1,00,000 per meeting of Board or Committee. | | |

### C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

₹

No remuneration was paid to Key Managerial Personnel other than Manager. Mr. P Padmanabhan, CFO is employed by the Holding Company.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

**T. S. VENKATESAN**
*Director*
*DIN: 01443165*

**MATHEW GEORGE**
*Director*
*DIN: 07402208*

*Place : Chennai*
*Date : April 27, 2017*

# *ANNEXURE III*

## FORM NO. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17**

To,
The Members,
L&T BPP Tollway Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T BPP Tollway Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder –Not Applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not Applicable;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - To the extent applicable to the company;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

**I report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis. The list of labour and industrial laws covered under the internal compliance report by the company are as follows;

a) The Electricity Act, 2003 and Electricity Rules,1956

b) Forest Conservation Act, 1980

c) Information Technology Act, 2000

d) Motor Vehicles Act, 1988

e) The Central Electricity Authority (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines) Regulation 2011

f) The Central Electricity Authority(Technical Standards for Connectivity of the Grid)Regulation,2007

g) The Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008

h) The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009

i) The Central Electricity Regulatory Commission(Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters)Regulations,2009

j) The Building and Other Construction Workers' (Regulation Of Employment And Conditions Of Service) Central Rules, 1998

k) The National Highways (Collection of Fees by any Person for the use of section of national highways/ Permanent Bridge/ Temporary Bridge on National Highways)Rules,1997

l) The Personal Injuries (Compensation) Insurance Act, 1963

m) The Prohibition Of Smoking In Public Places Rules, 2008

n) The Works of Licensees Rules, 2006

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**I further report that** that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Labour, Industrial and Environmental Laws, rules, regulations and guidelines.

**I further report that** there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

For **M.ALAGAR & ASSOCIATES**

**M. ALAGAR**
*FCS No: 7488*
*C P No.: 8196*

*Place: Chennai*
*Date : April 20, 2017*

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## *Annexure A*

**To,**
**The Members**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M.ALAGAR & ASSOCIATES**

**M. ALAGAR**
*FCS No: 7488*
*C P No.: 8196*

*Place: Chennai*
*Date : April 20, 2017*

# *INDEPENDENT AUDITOR'S REPORT*

**TO THE MEMBERS OF L&T BPP TOLLWAY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying Ind AS financial statements of **L&T BPP TOLLWAY LIMITED** ("the Company"),which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended,and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cashflows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section143 (3)of the Act, we report that:

   (a) We have sought and 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 it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of CashFlows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017,in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note H11 to the Ind AS Financial Statements);

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

**P. RAJESH KUMAR**
*Partner*
*Membership No. 225366*

*Place: Chennai*
*Date: April 27, 2017*

# ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure 'A' referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members ofL&T BPP TollwayLimited on the financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As informed to us, fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.

(c) The Company does not have any immovable property in its books of account. Accordingly, reporting on clause (i) (c) of the Order does not arise.

(ii) The Company is engaged in the business of development, operation and maintenance of roads and does not have any inventory in its books of account. Accordingly, reporting on clause (ii) of the Order does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to parties covered under Section 185 of the Companies Act, 2013. Accordingly, reporting under clause (iv) of the Order does not arise. Section 186 of the Companies Act, 2013 is not applicable to the company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public. Accordingly, reporting under clause (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit)Rules, 2014 (as amended) for the operations of the Company for the current financial year. We have broadly reviewed the books of account and records maintained by the Company in respect of development, operation and maintenance of roads and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues applicable to the Company with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, dues in respect of income tax as at 31 March 2017, which has not been deposited on account of disputes pending is as under:

| Name of the statute | Nature of disputed dues | Period to which the dispute relates (Financial year) | Forums where disputes are pending | Amount involved (₹) | Amount not deposited (₹) |
|---|---|---|---|---|---|
| Income tax Act, 1961 | Rejection of utility shifting expenses deducted against income from mutual funds and interest income | 2013-14 | Commissioner of Income Tax (Appeals) | 17,84,580 | 17,84,580 |

According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of sales tax, service tax, duty of customs, duty of excise or value added tax as at 31 March 2017, which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks during the year. The Company did not have any loans or borrowing from financial institutions orgovernment or dues to debenture holders.

(ix) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company, and according to the information and explanations given to us, no instances of fraud by the Company, and no material instances of frauds on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid or provided for, managerial remuneration during the year. However, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 were not required since the total managerial remuneration paid or payable by the Company to its Manager in respect of financial year ended 31 March 2017 has not exceeded the limits laid down in Section 197 read with Schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details disclosed in the Financial Statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause (xvi) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause (xvi) of the Order does not arise.

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

**P. RAJESH KUMAR**
*Partner*
*Membership No. 225366*

*Place: Chennai*
*Date: April 27, 2017*

# ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of L&T BPP Tollway Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, theCompany has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**P. RAJESH KUMAR**
*Partner*
*Membership No. 225366*

*Place: Chennai*
*Date: April 27, 2017*

# *BALANCE SHEET AS AT MARCH 31, 2017*

| | Note No. | As at 31.03.2017 ₹ | *As at 31.03.2016* ₹ | *As at 31.03.2015* ₹ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| (1) Non-current assets | | | | |
| a) Property, Plant and Equipment | 1 | **31,930,766** | *26,752,414* | *19,439,960* |
| b) Intangible assets | 2 | **46,660,970,924** | *46,975,434,281* | – |
| c) Intangible assets under development | 3 | **–** | – | *23,996,898,292* |
| d) Financial Assets | 4 | **1,293,853** | *1,279,824* | *1,052,881* |
| e) Other non-current assets | 5 | **27,120,781** | *35,072,474* | *19,263,837* |
| | A | **46,721,316,324** | *47,038,538,993* | *24,036,654,970* |
| **Current assets** | | | | |
| a) Financial Assets | | | | |
| i) Investments | 6 | **465,507,737** | *269,724,312* | *32,117,305* |
| ii) Cash and bank balances | 7 | **45,338,687** | *128,277,102* | *50,149,936* |
| iii) Others | 4 | **200,633,434** | *333,767,016* | *225,481,441* |
| b) Other current assets | 5 | **3,311,224** | *2,761,293* | *3,002,733* |
| | B | **714,791,082** | *734,529,723* | *310,751,415* |
| **TOTAL** | A+B | **47,436,107,406** | *47,773,068,716* | *24,347,406,385* |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| a) Equity Share capital | 8 | **2,472,000,000** | *2,472,000,000* | *2,472,000,000* |
| b) Other Equity | 9 | **(2,465,446,529)** | *431,820,166* | *2,552,608,800* |
| | C | **6,553,471** | *2,903,820,166* | *5,024,608,800* |
| **LIABILITIES** | | | | |
| **(1) Non-current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | **44,462,823,340** | *42,728,591,824* | *18,819,398,886* |
| ii) Other financial liabilities | 11 | **265,304,423** | *60,168,612* | – |
| b) Provisions | 12 | **340,217,030** | *155,316,819* | *3,907,821* |
| | D | **45,068,344,793** | *42,944,077,255* | *18,823,306,707* |
| **Current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | **1,723,333,333** | *1,200,500,545* | *92,700,000* |
| ii) Trade payables | 14 | **18,783,901** | *3,855,018* | – |
| iii) Other financial liabilities | 13 | **449,442,825** | *573,727,768* | *158,573,577* |
| b) Other current liabilities | 13 | **168,122,334** | *146,561,359* | *246,275,955* |
| c) Provisions | 12 | **1,526,749** | *526,605* | *120,047* |
| d) Current tax liabilities (net) | 15 | **–** | – | *1,821,299* |
| | E | **2,361,209,142** | *1,925,171,295* | *499,490,878* |
| **Total Equity and Liabilities** | C+D+E | **47,436,107,406** | *47,773,068,716* | *24,347,406,385* |
| **CONTINGENT LIABILITIES** | F | | | |
| **COMMITMENTS** | G | | | |
| **OTHER NOTES FORMING PART OF ACCOUNTS** | H | | | |
| **SIGNIFICANT ACCOUNTING POLICIES** | I | | | |

As per our report attached of even date

For and on behalf of the Board

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

**P. RAJESH KUMAR**
*Partner*
*Membership No:225366*

**P PADMANABHAN**
*Chief Financial Officer*

**T S VENKATESAN**
*Director*
*DIN: 01443165*

**MATHEW GEORGE**
*Director*
*DIN: 07402208*

*Place : Chennai*
*Date : April 27, 2017*

*Place : Chennai*
*Date : April 27, 2017*

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

| | Note No. | 2016-17 ₹ | 2015-16 ₹ |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from Operations | 16 | 3,074,602,227 | 2,423,724,774 |
| Construction contract revenue | | – | 247,977,152 |
| Other income | 17 | 42,404,925 | 12,923,795 |
| **Total Revenue** | | 3,117,007,152 | 2,684,625,721 |
| **EXPENSES** | | | |
| Construction contract expenses | | – | 247,977,152 |
| Operating expenses | 18 | 453,927,226 | 316,382,543 |
| Employee benefit expenses | 19 | 34,917,612 | 36,115,442 |
| Finance costs | 20 | 5,043,076,593 | 3,906,257,593 |
| Depreciation and amortisation | | 433,766,938 | 353,075,614 |
| Administration and other expenses | 21 | 63,258,477 | 55,582,880 |
| **Total Expenses** | | 6,028,946,846 | 4,915,391,224 |
| **Profit/(loss) before tax (A)** | | (2,911,939,694) | (2,230,765,503) |
| Tax Expense: | | | |
| Current tax | | – | – |
| **Profit/(loss) after tax for the year** | | (2,910,477,740) | (2,229,891,285) |
| **Other Comprehensive Income** | | | |
| i) Reclassifiable to profit or loss in subsequent periods | | – | – |
| ii) Not reclassifiable to profit or loss in subsequent periods (B) | | (730,977) | (437,109) |
| **Total Comprehensive Income for the year (A+B)** | | (2,911,208,717) | (2,230,328,394) |
| **EARNINGS PER EQUITY SHARE (BASIC AND DILUTED)** | | (11.78) | (9.02) |
| **FACE VALUE PER EQUITY SHARE** | | 10.00 | 10.00 |

As per our report attached of even date

For and on behalf of the Board

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

**P. RAJESH KUMAR**
*Partner*
*Membership No:225366*

**P PADMANABHAN**
*Chief Financial Officer*

**T S VENKATESAN**
*Director*
*DIN: 01443165*

**MATHEW GEORGE**
*Director*
*DIN: 07402208*

*Place : Chennai*
*Date : April 27, 2017*

*Place : Chennai*
*Date : April 27, 2017*

# *CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017*

| | | 2016-17 ₹ | 2015-16 ₹ |
|---|---|---|---|
| A | **Net profit / (loss) before tax and extraordinary items** | **(2,911,939,694)** | *(2,230,765,503)* |
| | **Adjustment for** | | |
| | Depreciation and amortisation expense | **433,766,938** | *353,075,614* |
| | Interest expense | **5,059,888,033** | *3,906,257,593* |
| | Interest income | **(2,446,905)** | *(131,561)* |
| | (Profit)/loss on sale of current investments(net) | **(26,538,369)** | *(12,465,516)* |
| | (Profit)/loss on sale of fixed assets | **36,456** | *1,415,479* |
| | Extension in Concession period | **(53,889,430)** | – |
| | Other Comprehensive Income | **730,977** | *437,109* |
| | **Operating profit before working capital changes** | **2,499,608,006** | *2,017,823,215* |
| | **Adjustments for:** | | |
| | Increase / (Decrease) in Liabilities and Provisions | **64,805,390** | *471,110,169* |
| | (Increase) / Decrease in Financial Assets and other assets | **140,401,827** | *(120,387,171)* |
| | **Net cash generated from/(used in) operating activities** | **2,704,815,223** | *2,368,546,214* |
| | Direct taxes paid (net of refunds) | **119,494** | *(5,513,848)* |
| | **Net Cash(used in)/generated from Operating Activities** | **2,704,934,717** | *2,363,032,366* |
| B | **Cash flow from investing activities** | | |
| | Purchase of Property, Plant & Equipment | **(13,323,254)** | *(673,568,019)* |
| | Sale of Property, Plant & Equipment | **768,431** | *542,454* |
| | (Purchase)/Sale of current investments | **(169,245,056)** | *(225,141,491)* |
| | Interest received | **2,446,905** | *131,561* |
| | **Net cash (used in)/generated from investing activities** | **(179,352,974)** | *(898,035,495)* |
| C | **Cash flow from financing activities** | | |
| | Proceeds from long term borrowings | **164,442,000** | *350,000,000* |
| | Proceeds from Mezzanine Debt | **20,000,000** | *150,000,000* |
| | Repayment of long term borrowings | **(185,400,000)** | *(92,700,000)* |
| | Deferred payment liability | **(777,696,153)** | *(194,041,125)* |
| | Interest paid | **(1,829,866,005)** | *(1,600,128,580)* |
| | **Net cash (used in)/generated from financing activities** | **(2,608,520,158)** | *(1,386,869,705)* |
| | **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **(82,938,415)** | *78,127,166* |
| | **Cash and cash equivalents as at the beginning of the year** | **128,277,102** | *50,149,936* |
| | **Cash and cash equivalents as at the end of the year** | **45,338,687** | *128,277,102* |

**Notes:**

1. Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Statement of Cash Flows
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached of even date

For and on behalf of the Board

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

**P. RAJESH KUMAR**
*Partner*
*Membership No:225366*

**P PADMANABHAN**
*Chief Financial Officer*

**T S VENKATESAN**
*Director*
*DIN: 01443165*

**MATHEW GEORGE**
*Director*
*DIN: 07402208*

*Place : Chennai*
*Date : April 27, 2017*

*Place : Chennai*
*Date : April 27, 2017*

# NOTES FORMING PART OF ACCOUNTS

## 1 PROPERTY, PLANT AND EQUIPMENT

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2016 | Additions | Deductions/ Adjustment | As at March 31, 2017 | Upto April 1, 2016 | Additions | Deductions/ Adjustment | Upto March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| **Owned** | | | | | | | | | | |
| Plant and Equipment | 1,322,132 | 876,618 | 90,306 | 2,108,444 | 129,041 | 230,620 | 90,300 | 269,361 | 1,839,083 | 1,193,091 |
| Furniture and fixtures | 5,816,056 | 196,200 | 130,670 | 5,881,586 | 849,356 | 640,123 | 97,739 | 1,391,740 | 4,489,846 | 4,966,700 |
| Vehicles | 19,444,965 | 10,017,328 | 530,000 | 28,932,293 | 1,896,535 | 4,798,691 | 167,833 | 6,527,393 | 22,404,900 | 17,548,430 |
| Office equipment | 2,511,032 | 1,045,263 | 280,793 | 3,275,502 | 886,777 | 743,047 | 280,784 | 1,349,040 | 1,926,462 | 1,624,255 |
| Computers, laptops and printers | 1,810,525 | 780,421 | 786,134 | 1,804,812 | 390,587 | 520,110 | 376,360 | 534,337 | 1,270,475 | 1,419,938 |
| **Total** | **30,904,710** | **12,915,830** | **1,817,903** | **42,002,637** | **4,152,296** | **6,932,591** | **1,013,016** | **10,071,871** | **31,930,766** | **26,752,414** |

1.1 Refer Note H 21 for information on property, plant and equipments pledged as security.

1.2 There is no restriction on title of property, plant and equipments.

1.3 There is no contractual commitment on acquition of property, plant and equipments.

## 2 INTANGIBLE ASSETS

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2016 | Additions | Deductions/ Adjustment | As at March 31, 2017 | Upto April 1, 2016 | Additions | Deductions/ Adjustment | Upto March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Toll collection rights | 47,325,177,509 | 112,370,990 | – | 47,437,548,499 | 349,743,228 | 426,834,347 | – | 776,577,575 | 46,660,970,924 | 46,975,434,281 |
| **Total** | **47,325,177,509** | **112,370,990** | **–** | **47,437,548,499** | **349,743,228** | **426,834,347** | **–** | **776,577,575** | **46,660,970,924** | **46,975,434,281** |

Note: NHAI, Authority, suspended toll collection for 23.263 days during 9th Nov 2016 to 2nd Dec 2016 due to demonetisation. Under Clause 34.6.2 and 34.7.2 of Concession Agreement, being force majeure event, the company is entitled for extension of concession period for 23.263 days beyond end of existing concession period. The additional concession fee (also referred as Negative grant or premium) payable for this extended period of ₹ 52.84 Cr has been capitalised as deferred payment liability.

The company has submitted the claim to NHAI for ₹ 20.65 Cr for loss of revenue during 9th Nov 2016 to 2nd Dec 2016 in view of demonetisation. After excluding claim for Interest on Senior Debt ₹ 12.40 Cr and O&M Expenses of ₹ 1.64 Cr, and on account of decrease in amortisation of ₹1.22 cr due to increase in concession period, the balance receivable of ₹ 5.39 Cr has been capitalised.

2.2 Disclosure of Material Intangible Asset

2.2.1 Toll collection rights of 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

| Particulars | Remaining Amortization Period (Years) |
|---|---|
| As at March 31, 2017 | 17.73 |
| As at March 31, 2016 | 18.73 |
| As at April 01, 2015 | Not applicable |

2.3 There is no restriction on title of Tolling rights.

2.4 There is no contractual commitment on acquition of Tolling rights.

2.5 Refer Note H 21 for information on Intangible asset pledged as security.

# *NOTES FORMING PART OF ACCOUNTS (Contd.)*

## 1 PROPERTY, PLANT AND EQUIPMENT

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2015 | Additions | Deductions/ Adjustment | As at March 31, 2016 | Upto April 1, 2015 | Additions | Deductions/ Adjustment | Upto March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| **Owned** | | | | | | | | | | |
| Plant and Equipment | – | 1,322,132 | – | 1,322,132 | | 129,041 | – | 129,041 | 1,193,091 | – |
| Furniture and fixtures | 6,839,273 | 497,435 | 1,520,652 | 5,816,056 | – | 849,356 | – | 849,356 | 4,966,700 | 6,839,273 |
| Vehicles | 10,059,103 | 9,453,779 | 67,917 | 19,444,965 | – | 1,896,535 | – | 1,896,535 | 17,548,430 | 10,059,103 |
| Office equipment | 2,206,188 | 550,152 | 245,308 | 2,511,032 | – | 886,777 | – | 886,777 | 1,624,255 | 2,206,188 |
| Computers, laptops and printers | 335,396 | 1,560,651 | 85,522 | 1,810,525 | – | 390,587 | – | 390,587 | 1,419,938 | 335,396 |
| **Total** | **19,439,960** | **13,384,149** | **1,919,399** | **30,904,710** | **–** | **4,152,296** | **–** | **4,152,296** | **26,752,414** | **19,439,960** |

## 2 INTANGIBLE ASSETS

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2015 | Additions | Deductions/ Adjustment | As at March 31, 2016 | Upto April 1, 2015 | Additions | Deductions/ Adjustment | Upto March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Toll collection rights | 205,311,298 | 47,119,866,211 | – | 47,325,177,509 | – | 349,743,228 | – | 349,743,228 | 46,975,434,281 | 205,311,298 |
| **Total** | **205,311,298** | **47,119,866,211** | **–** | **47,325,177,509** | **–** | **349,743,228** | **–** | **349,743,228** | **46,975,434,281** | **205,311,298** |

3 Intangible Assets under development

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2015 | Additions | Deductions/ Adjustment | As at March 31, 2016 | Upto April 1, 2015 | Additions | Deductions/ Adjustment | Upto March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Construction cost | 19,641,074,694 | 205,513,254 | 19,846,587,948 | – | – | – | – | – | – | 19,641,074,694 |
| Pre-operative expenses pending allocation | 4,150,512,300 | 434,471,148 | 4,584,983,448 | – | – | – | – | – | – | 4,150,512,300 |
| **Total** | **23,791,586,994** | **639,984,402** | **24,431,571,396** | **–** | **–** | **–** | **–** | **–** | **–** | **23,791,586,994** |

| Particulars | As at April 1, 2015 | *2015-16* | *As at March 31, 2016* |
|---|---|---|---|
| **4A) INTANGIBLE ASSETS UNDER DEVELOPMENT** | | | |
| a) Construction cost | | | |
| EPC contract bills | **19,641,074,694** | *205,513,254* | *19,846,587,948* |
| Other works - Toll plaza | | | - |
| **Total (A)** | **19,641,074,694** | *205,513,254* | *19,846,587,948* |
| b) Pre-operative expenses pending allocation | | | |
| Security charges | | | - |
| Insurance | **25,093,786** | *2,491,033* | *27,584,819* |
| Repairs and maintenance | | | - |
| Toll Road and Bridge | **52,408,862** | *9,217,793* | *61,626,655* |
| Plant and machinery | | | - |
| Others | | | - |
| Power and fuel | **3,671,876** | *2,785,338* | *6,457,214* |
| Depreciation and amortisation | **7,555,857** | *819,910* | *8,375,767* |
| Salaries and wages | **107,055,301** | *7,421,012* | *114,476,313* |
| Contribution and provisions for | | | - |
| Provident fund | **5,514,443** | *330,464* | *5,844,907* |

## *NOTES FORMING PART OF ACCOUNTS (Contd.)*

| Particulars | As at April 1, 2015 | 2015-16 | As at March 31, 2016 |
|---|---|---|---|
| Gratuity | **1,957,188** | *28,870* | *1,986,058* |
| Compensated absences | **1,533,387** | *362,791* | *1,896,178* |
| Staff Welfare Expenses | **9,712,465** | *1,227,431* | *10,939,896* |
| Interest on borrowings (term loans) | **3,045,823,241** | *392,007,251* | *3,437,830,492* |
| Bank charges and bank guarantee charges | **36,633,065** | *7,373* | *36,640,438* |
| Vehicle hire charges | **49,630,079** | *1,952,372* | *51,582,451* |
| Rent, rates and taxes | **13,111,822** | *436,795* | *13,548,617* |
| Professional fees | **749,170,770** | *14,391,293* | *763,562,063* |
| Postage and Communication expenses | | | - |
| Printing and Stationery | **1,750,038** | *91,676* | *1,841,714* |
| Travelling and conveyance | **5,676,067** | *300,537* | *5,976,604* |
| Miscellaneous expenses | **34,214,053** | *599,209* | *34,813,262* |
| *Less:* | | | - |
| Toll collections | | - | - |
| Other income | | - | - |
| **Total (B)** | **4,150,512,300** | *434,471,148* | *4,584,983,448* |
| **Grand Total (A+B)** | **23,791,586,994** | *639,984,402* | *24,431,571,396* |

| | Particulars | As at 31.03.2017 | | | *As at 31.03.2016* | | | *As at 01.04.2015* | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Current ₹ | Non-current ₹ | Total ₹ | *Current ₹* | *Non-current ₹* | *Total ₹* | *Current ₹* | *Non-current ₹* | *Total ₹* |
| 4 | **FINANCIAL ASSET** | | | | | | | | | |
| | a) Security deposits | | | | | | | | | |
| | Unsecured, considered good | **14,725,176** | **1,293,853** | **16,019,029** | *30,856,596* | *1,279,824* | *32,136,420* | *40,916,752* | *1,052,881* | *41,969,633* |
| | b) Utility Shifting Receivable/ NHAI receivable | **185,908,258** | | **185,908,258** | *302,910,420* | | *302,910,420* | *184,564,689* | | *184,564,689* |
| | | **200,633,434** | **1,293,853** | **201,927,287** | *333,767,016* | *1,279,824* | *335,046,840* | *225,481,441* | *1,052,881* | *226,534,322* |

| | Particulars | As at 31.03.2017 | | | *As at 31.03.2016* | | | *As at 01.04.2015* | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Current ₹ | Non-current ₹ | Total ₹ | *Current ₹* | *Non-current ₹* | *Total ₹* | *Current ₹* | *Non-current ₹* | *Total ₹* |
| 5 | **OTHER NON-CURRENT AND CURRENT ASSETS** | | | | | | | | | |
| | Advances other than capital advances | | | | | | | | | |
| | Advances to employees | **–** | **–** | **–** | – | *2,000* | *2,000* | – | – | – |
| | Other advances | **262,650** | **–** | **262,650** | *238,053* | – | *238,053* | – | – | – |
| | Advance recoverable other than in cash | | | | | | | | | |
| | Prepaid Insurance | **2,695,877** | **–** | **2,695,877** | *2,089,472* | – | *2,089,472* | *2,666,787* | – | *2,666,787* |
| | Prepaid expenses | **352,700** | **–** | **352,700** | *433,768* | – | *433,768* | *335,945* | – | *335,945* |
| | WCT recoverable | **–** | **23,455,535** | **23,455,535** | – | *31,285,734* | *31,285,734* | – | *19,171,646* | *19,171,646* |
| | (A) | **3,311,227** | **23,455,535** | **26,766,762** | *2,761,293* | *31,287,734* | *34,049,027* | *3,002,733* | *19,171,646* | *22,174,378* |
| | Income tax | | | | | | | | | |
| | Income tax net of provisions | **–** | **3,665,246** | **3,665,246** | – | *3,784,740* | *3,784,740* | – | *92,191* | *92,191* |
| | (B) | **–** | **3,665,246** | **3,665,246** | – | *3,784,740* | *3,784,740* | – | *92,191* | *92,191* |
| | **TOTAL (A+B)** | **3,311,227** | **27,120,781** | **30,432,008** | *2,761,293* | *35,072,474* | *37,833,767* | *3,002,733* | *19,263,837* | *22,266,569* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| | Particulars | As at March 31, 2017 Current ₹ | As at March 31, 2016 Current ₹ | As at April 1, 2015 Current ₹ |
|---|---|---|---|---|
| 6 | **INVESTMENTS** | | | |
| | **Investments at fair value through Profit and loss** | | | |
| | Investments in mutual funds (Quoted) | **465,507,737** | 269,724,312 | 32,117,305 |
| | | **465,507,737** | 269,724,312 | 32,117,305 |

| | Particulars | As at March 31, 2017 Current ₹ | As at March 31, 2016 Current ₹ | As at April 1, 2015 Current ₹ |
|---|---|---|---|---|
| 7 | **CASH AND CASH EQUIVALENTS** | | | |
| | a) Balances with banks | **9,994,327** | 56,833,513 | 142,087 |
| | c) Cash on hand | **30,002,939** | 26,353,220 | - |
| | d) Fixed deposits with banks including interest accrued of ₹ 341,421/- (P.Y ₹ 90,369/-) | **5,341,421** | 45,090,369 | 50,007,849 |
| | | **45,338,687** | 128,277,102 | 50,149,936 |

| | Particulars | As at 31.03.2017 No. of Shares | As at 31.03.2017 ₹ | As at 31.03.2016 No. of Shares | As at 31.03.2016 ₹ | As at 01.04.2015 No. of Shares | As at 01.04.2015 ₹ |
|---|---|---|---|---|---|---|---|
| 8 | **SHARE CAPITAL** | | | | | | |
| | **(i) Authorised, issued, subscribed and paid up** | | | | | | |
| | Authorised: | | | | | | |
| | Equity shares of ₹ 10 each | **250,000,000** | **2,500,000,000** | 250,000,000 | 2,500,000,000 | 250,000,000 | 2,500,000,000 |
| | Issued, subscribed and fully paid up | **–** | **–** | – | – | – | – |
| | Equity shares of ₹ 10 each | **247,200,000** | **2,472,000,000** | 247,200,000 | 2,472,000,000 | 247,200,000 | 2,472,000,000 |
| | **(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:** | | | | | | |
| | At the beginning of the year | **247,200,000** | **2,472,000,000** | 247,200,000 | 2,472,000,000 | 247,200,000 | 2,472,000,000 |
| | Issued during the year as fully paid | **–** | **–** | – | – | – | – |
| | At the end of the year | **247,200,000** | **2,472,000,000** | 247,200,000 | 2,472,000,000 | 247,200,000 | 2,472,000,000 |

**(iii) Terms / rights attached to shares**

**Equity shares**

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

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2017, no dividend has been declared/ proposed by Board of Directors. (Previous year - ₹ Nil).

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

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 class of shareholders.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | As at 31.03.2017 | | As at 31.03.2016 | | As at 01.04.2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | ₹ | No. of Shares | ₹ | No. of Shares | ₹ |
| **(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:** | | | | | | |
| L&T Infrastructure Development Projects Limited (including nominee holding) | **247,199,998** | **2,471,999,980** | *247,199,998* | *2,471,999,980* | *247,199,998* | *2,471,999,980* |
| | **247,199,998** | **2,471,999,980** | *247,199,998* | *2,471,999,980* | *247,199,998* | *2,471,999,980* |

| Particulars | As at 31.03.2017 | | As at 31.03.2016 | | As at 01.04.2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| **(vi) Details of Shareholders holding more than 5% shares in the company:** | | | | | | |
| L&T Infrastructure Development Projects Limited (including nominee holding) | **247,199,998** | **99.99%** | *247,199,998* | *99.99%* | *247,199,998* | *99.99%* |

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

**(vii)** Calls unpaid : ₹ NIL; Forfeited Shares : ₹ NIL

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017**

**9 OTHER EQUITY AS ON 31.03.2017**

| Particulars | Equity component of compound financial instruments | Reserves & Surplus | Total ₹ |
|---|---|---|---|
| | | Retained earnings | |
| Balance at the beginning of the reporting period | 2,793,442,495 | (2,361,622,329) | 431,820,166 |
| Mezzanine debt received during the year | 13,942,022 | – | 13,942,022 |
| Profit for the year | | (2,911,208,717) | (2,911,208,717) |
| **Balance at the end of the reporting period** | **2,807,384,517** | **(5,272,831,046)** | **(2,465,446,529)** |
| **Other Equity as on 31.03.2016** | | | |
| Other Equity as on 01.04.2015 | 2,683,902,735 | (131,293,935) | 2,552,608,800 |
| Changes in accounting policy | | | – |
| Restated balance as at the beginning of the reporting period | | | – |
| Transfer to retained earnings | | (2,230,328,394) | (2,230,328,394) |
| Mezzanine debt received during the year | 109,539,760 | | 109,539,760 |
| **Balance at the end of the reporting period** | **2,793,442,495** | **(2,361,622,329)** | **431,820,166** |

**10 BORROWINGS**

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 01, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non current | Total | Current | Non current | Total | Current | Non current | Total |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Secured borrowings** | | | | | | | | | |
| a) Term loans | | | | | | | | | |
| i) From banks | **370,800,000** | **17,840,606,310** | **18,211,406,310** | *185,400,000* | *18,041,328,945* | *18,226,728,945* | *92,700,000* | *17,871,726,325* | *17,964,426,325* |
| **Unsecured borrowings** | | | | | | | | | |
| a) Deferred payment liabilities | **1,352,533,333** | **25,399,225,338** | **26,751,758,671** | *1,015,100,545* | *23,591,087,767* | *24,606,188,312* | – | – | – |
| b) Mezzanine debt | **–** | **1,222,991,692** | **1,222,991,692** | – | *1,096,175,112* | *1,096,175,112* | – | *947,672,561* | *947,672,561* |
| | **1,723,333,333** | **44,462,823,340** | **46,186,156,673** | *1,200,500,545* | *42,728,591,824* | *43,929,092,369* | *92,700,000* | *18,819,398,886* | *18,912,098,886* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

**Details of long term borrowings**

| Particulars | Effective interest rate | Terms of repayment |
|---|---|---|
| **Term loans from banks** | 11.80% | 138 monthly instalments ranging from ₹ 9,270,000/- to ₹ 393,975,000/- |
| **Loan from Holding Company** | 10.97% | (I) Unsecured Loans from Holding Company shall not be repaid before secured obligations are fully discharged to the complete satisfaction of lenders.<br>(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. |

**Nature of security for term loans/debentures**

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.

## 11 OTHER FINANCIAL LIABILITIES

| Particulars | As at March 31, 2017 | | | *As at March 31, 2016* | | | *As at April 01, 2015* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non current | Total | *Current* | *Non current* | *Total* | *Current* | *Non current* | *Total* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| a) Deposits received | – | 323,000 | 323,000 | – | – | – | – | – | – |
| b) Interest accrued on Deferred Payment Liability | – | 264,981,423 | 264,981,423 | – | 60,168,612 | 60,168,612 | – | – | – |
| c) Other liabilities | 449,442,825 | – | 449,442,825 | 573,727,768 | – | 573,727,768 | 158,573,577 | – | 158,573,577 |
| | 449,442,825 | 265,304,423 | 714,747,248 | 573,727,768 | 60,168,612 | 633,896,380 | 158,573,577 | – | 158,573,577 |

## 12 PROVISIONS

| Particulars | As at March 31, 2017 | | | *As at March 31, 2016* | | | *As at April 01, 2015* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non current | Total | *Current* | *Non current* | *Total* | *Current* | *Non current* | *Total* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Provision for employee benefits | 1,526,749 | 3,406,941 | 4,933,690 | 526,605 | 6,716,570 | 7,243,175 | 120,047 | 3,907,821 | 4,027,868 |
| Provisions for major maintenance reserve | – | 336,810,089 | 336,810,089 | – | 148,600,249 | 148,600,249 | – | – | – |
| | 1,526,749 | 340,217,030 | 341,743,779 | 526,605 | 155,316,819 | 155,843,424 | 120,047 | 3,907,821 | 4,027,868 |

## 13 OTHER LIABILITIES

| Particulars | As at March 31, 2017 | | | *As at March 31, 2016* | | | *As at April 01, 2015* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non current | Total | *Current* | *Non current* | *Total* | *Current* | *Non current* | *Total* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| i) Company owned car scheme | – | – | – | 287,750 | – | 287,750 | 287,750 | – | 287,750 |
| ii) Other liabilities | 163,222,974 | – | 163,222,974 | 144,479,325 | – | 144,479,325 | – | – | – |
| iii) Statutory payables | 4,899,363 | – | 4,899,363 | 1,794,284 | – | 1,794,284 | 245,988,205 | – | 245,988,205 |
| | 168,122,337 | – | 168,122,337 | 146,561,359 | – | 146,561,359 | 246,275,955 | – | 246,275,955 |

## NOTES FORMING PART OF ACCOUNTS (Contd.)

**14 TRADE PAYABLES**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Due to related parties | **802,704** | *873,664* | – |
| Due to others | **17,981,197** | *2,981,354* | – |
| | **18,783,901** | *3,855,018* | – |

There were transactions of ₹ 1,27,939/- during the year (previous year: ₹ Nil) which were settled within 45 days. There are no amounts outstanding as at the beginning or end of the current or previous year with Micro and small enterprises covered under the Micro, Small and Medium enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid/outstanding does not arise.

**15 LIABILITIES FOR CURRENT TAX (NET)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Income tax net of previous year provisions | **–** | – | *1,821,299* |
| | **–** | – | *1,821,299* |

**F CONTINGENT LIABILITIES**

Contingent liability as at March 31, 2017 is ₹ 17,84,580/- (Previous year ₹ Nil) towards appeal filed with Income Tax CIT.

**G COMMITMENTS**

Estimated amount of other contracts remaining to be executed on capital account (net of advances) is ₹ NIL as at March 31, 2017 (Previous year ₹ 5,709,510/-).

| Particulars | FY 2016-17 | | FY 2015-16 | |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| **16 REVENUE FROM OPERATIONS** | | | | |
| Operating revenue: | | | | |
| Toll Collections | **2,931,211,210** | | *2,380,370,373* | |
| Additional fees for overloaded vehicles | **89,501,587** | | *43,354,401* | |
| | | **3,020,712,797** | | *2,423,724,774* |
| Other operating revenue: | | | | |
| Extension of Concession period | | **53,889,430** | | – |
| | | **3,074,602,227** | | *2,423,724,774* |
| **17 OTHER INCOME** | | | | |
| Interest income from: | | | | |
| Bank deposits | **480,595** | | *131,561* | |
| Others | **1,966,310** | | – | |
| | | **2,446,905** | | *131,561* |
| Profit on sale of current investments | | **26,538,369** | | *12,465,516* |
| Profit/(loss) on disposal of fixed assets | | **(36,456)** | | *(1,415,479)* |
| Miscellaneous income | | **13,456,107** | | *1,742,197* |
| | | **42,404,925** | | *12,923,795* |

## NOTES FORMING PART OF ACCOUNTS (Contd.)

| | Particulars | FY 2016-17 | | FY 2015-16 | |
|---|---|---|---|---|---|
| | | ₹ | ₹ | ₹ | ₹ |
| 18 | **OPERATING EXPENSES** | | | | |
| | Toll Management fees | | **58,225,905** | | *44,877,757* |
| | Security services | | **16,681,002** | | *16,538,069* |
| | Insurance | | **9,357,255** | | *4,962,173* |
| | Repairs and maintenance | | | | |
| | Toll road & bridge | **90,241,175** | | *36,229,050* | |
| | Plant and machinery | **19,103,348** | | *4,508,632* | |
| | Periodic major maintenance | **171,398,400** | | *148,600,249* | |
| | Others | **28,729,051** | | *14,803,835* | |
| | | | **309,471,974** | | *204,141,766* |
| | Professional fees | | **19,643,822** | | *17,506,947* |
| | Power and fuel | | **40,547,268** | | *28,355,831* |
| | | | **453,927,226** | | *316,382,543* |
| 19 | **EMPLOYEE BENEFIT EXPENSEAS** | | | | |
| | Salaries, wages and bonus | | **28,937,837** | | *26,336,903* |
| | Contributions to and provisions for: | | | | |
| | Provident fund | **1,650,966** | | *1,547,709* | |
| | Gratuity | **703,072** | | *1,229,159* | |
| | Compensated absences | **276,535** | | *1,157,591* | |
| | Retention pay | **537,548** | | *2,086,844* | |
| | Others | **65,606** | | *–* | |
| | | | **3,233,727** | | *6,021,303* |
| | Staff welfare expenses | | **2,746,048** | | *3,757,236* |
| | | | **34,917,612** | | *36,115,442* |
| 20 | **FINANCE COSTS** | | | | |
| | Interest on borrowings | | **1,807,416,273** | | *1,592,983,098* |
| | Interest on Deferred payment liability | | **227,262,537** | | *67,314,100* |
| | Unwinding of discount and implicit interest expense on fair value | | **3,008,397,783** | | *2,245,960,395* |
| | | | **5,043,076,593** | | *3,906,257,593* |
| 21 | **ADMINISTRATION AND OTHER EXPENSES** | | | | |
| | Rent, Rates and taxes | | **1,437,896** | | *1,650,239* |
| | Professional fees | | **36,779,173** | | *26,350,899* |
| | Postage and communication | | **1,530,826** | | *799,264* |
| | Printing and stationery | | **2,005,390** | | *1,845,754* |
| | Travelling and conveyance | | **9,435,026** | | *12,586,230* |
| | Repairs and Maintenance - Others | | **4,706,216** | | *4,182,186* |
| | Miscellaneous expenses | | **7,363,950** | | *8,168,308* |
| | | | **63,258,477** | | *55,582,880* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

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

| Particulars | FY 2016-17 | FY 2015-16 |
|---|---|---|
| | ₹ | ₹ |
| a) As Auditor | **503,700** | *446,550* |
| b) For Taxation matters | **173,250** | *171,750* |
| c) For Reimbursement of expenses | **17,266** | *6,602* |
| d) For Other services | **407,162** | *342,146* |
| **Total** | **1,101,378** | *967,048* |

**H) 1) Corporate Information**

L&T BPP Tollway Limited is a Special purpose vehicle incorporated on 25th may 2011, 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. The Company commenced operations on June 11,2015.

**2) Disclosure pursuant to Ind AS 19 "Employee benefits":**

**(i) Defined contribution plan:**

The Company's provident fund is defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 16,50,996 (previous year : ₹ 15,47,709) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 19) in the Statement of Profit and loss.

**(ii) Defined benefit plans:**

**a) Features of its defined benefit plans:**

**Gratuity:**

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

**Plan Features**

| Features of the defined benefit plan | Remarks |
|---|---|
| Benefit offered | 15 / 26 × Salary × Duration of Service |
| Salary definition | Basic Salary including Dearness Allowance (if any) |
| Benefit ceiling | Benefit ceiling of ₹ 10,00,000 was not applied |
| Vesting conditions | 5 years of continuous service ( Not applocable in case of death / disability ) |
| Benefit eligibility | Upon Death or Resignation / Withdrawal or Retirement |
| Retirement age | 58 years |

**Leave Encashment:** The benefits are governed by the Company's Leave Policy.The Key features are as under:

**Plan Features**

| Features of the defined benefit plan | Remarks |
|---|---|
| Salary for Encashment | Basic Salary |
| Salary for Availment | Cost to company |
| Benefit event | Death or Resignation or Retirement or Availment |
| Maximum accumulation | 300 |
| Benefit Formula | (Leave Days) × (Salary)/ (Leave Denominator) |
| Leave Denominator | 30 |
| Leaves Credited Annually | 30 |
| Retirement Age | 58 Years |

## *NOTES FORMING PART OF ACCOUNTS (Contd.)*

**iii) The company is responsible for governance of the plan.**

**iv) Risk to the Plan**

Following are the risk to which the plan exposes the entity :

**A Actuarial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits/Leave benefit will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits /Leave benefit will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date for Gratuity and on the relative values of the assumed salary growth and discount rate for Leave Benefit.

**Variability in availment rates:** If actual availment rates are higher than assumed availment rate assumption than leave balances will be utilised earlier than expected. This will result in reduction in leave balances and Obligation.

**B Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**C Liquidity Risk:**

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

**D Market Risk:**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**E Legislative Risk:**

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

| **Particulars** | **Gratuity plan** | | **Compensated absences** | |
|---|---|---|---|---|
| | **As at March 31, 2017** ₹ | *As at March 31, 2016* ₹ | **As at March 31, 2017** ₹ | *As at March 31, 2016* ₹ |
| **b) The amounts recognised in Balance Sheet are as follows:** | | | | |
| Present value of defined benefit obligation | | | | |
| - Wholly funded | **1,774,255** | **–** | **–** | *–* |
| - Wholly unfunded | | **2,299,170** | **2,193,132** | *2,857,161* |
| | **1,774,255** | **2,299,170** | **2,193,132** | *2,857,161* |
| Less : Fair value of plan assets | **1,688,089** | **–** | **–** | *–* |
| Net Liability / (asset) | **86,166** | **2,299,170** | **2,193,132** | *2,857,161* |

## NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | Gratuity plan | | Compensated absences | |
|---|---|---|---|---|
| | **As at March 31, 2017 ₹** | *As at March 31, 2016 ₹* | **As at March 31, 2017 ₹** | *As at March 31, 2016 ₹* |
| **c) The amounts recognised in the Statement of Profit and loss are as follows:** | | | | |
| Current service cost | **544,992** | 561,533 | **458,700** | *368,692* |
| Interest on Defined benefit obligation | **158,080** | 137,660 | **210,217** | *171,831* |
| Past service cost and loss/(gain) on curtailments and settlement | | 558,836 | **(308,980)** | - |
| Net value of remeasurements on the obligation and plan assets | | – | **(83,402)** | *388,318* |
| Prior year charge | | | **–** | *591,541* |
| **Total Charge to Statement of Profit and Loss** | **703,072** | 1,258,029 | **276,535** | *1,520,382* |

| Particulars | Gratuity plan | |
|---|---|---|
| | **As at March 31, 2017 ₹** | *As at March 31, 2016 ₹* |
| **d) Other Comprehensive Income for the period** | | |
| Components of actuarial gain/losses on obligations: | | |
| From changes in demographic assumptions | | *109,948* |
| From changes in financial assumptions | **106,533** | |
| From changes in experience | **(838,722)** | *(547,057)* |
| Past service cost | | |
| Actuarial gain/(loss) not recognised in books | | |
| Return on plan assets excluding amounts included in interest income | **1,212** | |
| **Amounts recognized in Other Comprehensive Income** | **(730,977)** | **(437,109)** |

| Particulars | Gratuity plan | | Compensated absences | |
|---|---|---|---|---|
| | **As at March 31, 2017 ₹** | *As at March 31, 2016 ₹* | **As at March 31, 2017 ₹** | *As at March 31, 2016 ₹* |
| **e) Reconciliation of Defined Benefit Obligation:** | | | | |
| Opening balance of the present value of defined benefit obligation | **2,299,170** | *1,778,746* | **2,857,161** | *2,249,122* |
| Add: Current service cost | **544,992** | *561,533* | **458,700** | *368,692* |
| Add: Interest cost | **171,439** | *137,660* | **210,217** | *171,831* |
| Add: Contribution by plan participants | | | | |
| i) Employer | **–** | – | **–** | – |
| ii) Employee | **–** | – | **–** | – |
| Add/(less): Actuarial losses/(gains) | **(732,189)** | *(437,109)* | **–** | – |
| Less: Benefits paid | **(509,157)** | *(300,496)* | **(940,564)** | *(912,343)* |
| Add: Past service cost\Prior year charge | **–** | *558,836* | **(308,980)** | *591,541* |
| **Closing balance of the present value of defined benefit obligation** | **1,774,255** | *2,299,170* | **2,276,534** | *2,468,843* |

## NOTES FORMING PART OF ACCOUNTS (Contd.)

| | Particulars | Gratuity plan | | Compensated absences | |
|---|---|---|---|---|---|
| | | **As at March 31, 2017** | *As at March 31, 2016* | **As at March 31, 2017** | *As at March 31, 2016* |
| | | ₹ | ₹ | ₹ | ₹ |
| f) | **Reconciliation of Plan Assets:** | | | | |
| | Interest Income | **13,359** | – | **–** | – |
| | Return on plan assets excluding amounts included in interest income | **(1,212)** | – | **–** | – |
| | Contributions by employer | **2,110,532** | – | **–** | – |
| | Benefits paid | **(434,590)** | – | | |
| | **Closing value of plan assets** | **1,688,089** | – | **–** | – |
| g) | **Reconciliation of Net Defined Beneft Liability:** | | | | |
| | Net opening provision in books of accounts | **2,299,170** | *1,778,746* | **2,857,161** | *2,249,122* |
| | Employee Benefit Expense | **703,072** | *1,258,029* | **276,535** | *1,520,382* |
| | Amounts recognized in Other Comprehensive Income | **(730,977)** | *(437,109)* | **–** | – |
| | | **2,271,265** | *2,599,666* | **3,133,696** | *3,769,504* |
| | Benefits paid by the Company | **(74,567)** | *(300,496)* | **(940,564)** | *(912,343)* |
| | Contributions to plan assets | **(2,110,532)** | – | **–** | – |
| | **Closing provision in books of accounts** | **86,166** | *2,299,170* | **2,193,132** | *2,857,161* |

| | | Gratuity plan | |
|---|---|---|---|
| | | **As at March 31, 2017** | *As at March 31, 2016* |
| | | ₹ | ₹ |
| h) | **Principal actuarial assumptions at the Balance Sheet date:** | | |
| | Discount rate | **6,95%** | *7.80%* |
| | Salary growth rate | **6.00%** | *6.00%* |
| | Attrition rate | **15% at younger ages reducing to 3% at older ages** | *15% at younger ages reducing to 3% at older ages* |

| | Particulars | As at March 31, 2017 | | *As at March 31, 2016* | |
|---|---|---|---|---|---|
| | | **Change** | **Obligation** | *Change* | *Obligation* |
| | | % | ₹ | % | ₹ |
| e) | **Reconciliation of Defined Benefit Obligation:** | | | | |
| | Discount Rate | **0.50%** | **1,710,196** | *0.50%* | *2,218,403* |
| | | **-0.50%** | **1,842,606** | *-0.50%* | *2,385,278* |
| | Salary Growth Rate | **0.50%** | **1,842,905** | *0.50%* | *2,386,364* |
| | | **-0.50%** | **1,709,344** | *-0.50%* | *2,216,699* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | As at March 31, 2017 Change % | As at March 31, 2017 Obligation ₹ | *As at March 31, 2016 Change %* | *As at March 31, 2016 Obligation ₹* |
|---|---|---|---|---|
| **A quantitative sensitivity analysis for significant assumption as at 31 March 2017- Leave encashment** | | | | |
| Discount Rate | **0.50%** | **2,122,792** | *0.50%* | *27,62,595* |
| | **-0.50%** | **2,268,233** | *-0.50%* | *29,57,859* |
| Salary Growth Rate | **0.50%** | **2,268,563** | *0.50%* | *29,59,132* |
| | **-0.50%** | **2,121,852** | *-0.50%* | *27,60,597* |

j) **The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018 ) is ₹ 1,29,916/- for Gratuity and ₹ 215,811 for leave encashment.**

k) **The major categories of plan assets plan assets are as follows :**

| **Particulars** | **As at March 31, 2017** | *As at March 31, 2016* | *As at April 01, 2015* |
|---|---|---|---|
| Insurance Poilicy with LIC | **1,774,255** | – | – |
| **Total** | **1,774,255** | – | – |

l) **Details of Asset-Liability Matching Strategy**

There are no minimum funding requirements for a Gratuity/Leave benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liability of the plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

The laibilities of leave benefit are unfunded, there is no Asset-Liability Matching strategy deviced for the plan.

m) **Changes in Inter-Valuation Period**

There are no changes in the benefit scheme since the last valuation.

There are no special events such as benefit improvements or curtailments or settlements during the inter-valuation period.

4) **DISCLOSURE PURSUANT TO IND AS 23 “BORROWING COSTS”**

Borrowing cost capitalised during the year ₹ NIL. [Previous Year :₹ 39,15,08,221/-]

5) **DISCLOSURE OF SEGMENT INFORMATION PURSUANT TO IND AS 108 “OPERATING SEGMENTS”**

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

6) **DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 “RELATED PARTY DISCLOSURES”**

a) **List of related parties where control exists / with whom transactions have taken place during the year:**

| | |
|---|---|
| Ultimate Holding Company : | Larsen & Toubro Limited |
| Holding Company : | L&T Infrastructure Development Projects Limited |
| Fellow Subsidiaries : | L&T Rajkot-Vadinar Tollway Limited |
| | L&T Halol Shamlaji Tollway Limited |
| | Ahmedabad Maliya Tollway Limited |
| | Vadodara Bharuch Tollway Limited |
| | L&T Interstate Road Corridor Limited |
| | L&T Transportation Infrastructure Limited |
| | L&T Samakhiali Gandhidham Tollway Limited |
| | L&T Sambalpur-Rourkela Tollway Limited |
| | L&T Krishnagiri Walajahpet Tollway Limited |
| | Western Andhra Tollways Limited |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| | |
|---|---|
| | L&T General Insurance Company Limited (HDFC ERGO General Insurance Company Limited w.e.f June 2016)<br>L&T Deccan Tollway Ltd<br>PNG Tollway limited |
| Key Managerial Personnel | Mr. Sharad Pancholy (w.e.f. Oct 20,2016) - Manager<br>Dr. A. Veeraraghavan -Independent Director<br>Mrs. Samyuktha Surendran -Independent Director |

**b) Disclosure of related party transactions:**

| **Particulars** | **2016-17** | *2015-16* |
|---|---|---|
| | ₹ | ₹ |
| **1. Services received towards development of Intangible Assets** | | |
| Ulimate Holding company Larsen & Toubro Limited | | |
| Construction cost | – | *57,130,114* |
| Other Services | – | *4,150,184* |
| Fellow subsidiaries: | | |
| L&T General Insurance Company Limited | – | *2,491,033* |
| | – | *63,771,331* |
| **2. Purchase of goods and services incl. taxes** | | |
| Ulimate Holding company Larsen & Toubro Limited | **11,584,147** | *2,397,292* |
| Holding company L&T Infrastructure Development Projects Limited | **30,329,165** | *26,745,782* |
| Fellow subsidiaries: | | |
| L&T General Insurance Company Limited | – | *4,273,102* |
| | **41,913,312** | *33,416,176* |
| **3. Purchase of assets** | | |
| Holding company L&T Infrastructure Development Projects Limited | – | *4* |
| Fellow subsidiaries: | | |
| Ahmedabad Maliya Tollway Limited | **1** | *1* |
| L&T Rajkot Vadinar Tollway Limited | **1,855,502** | |
| L&T Deccan Tollway Ltd | **58,340** | |
| PNG Tollway limited | **2,863,227** | |
| L&T Halol Shamlaji Tollway Limited | **10,802** | |
| | **4,787,872** | *5* |
| **4. Sale of assets** | | |
| Holding company L&T Infrastructure Development Projects Limited | **126,018** | – |
| Fellow subsidiaries: | | |
| Vadodara Bharuch Tollway Limited | – | *231,904* |
| L&T Sambalpur-Rourkela Tollway Limited | **58,507** | *254,880* |
| L&T Interstate Road Corridor Limited | **51,005** | *2* |
| | **235,530** | *486,786* |

## *NOTES FORMING PART OF ACCOUNTS (Contd.)*

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | ₹ | ₹ |
| **5. Receipt on behalf of related party** | | |
| Ulimate Holding company Larsen & Toubro Limited | **82,485,339** | |
| **6. Reimbursement of expenses charged from** | | |
| Ulimate Holding company Larsen & Toubro Limited | **–** | *1,850,333* |
| Holding company L&T Infrastructure Development Projects Limited | **122,796** | *–* |
| Fellow subsidiaries: | | |
| L&T Krishnagiri Walahjapet Tollway Limited | | *64,384* |
| Ahmedabad Maliya Tollway Limited | **10,961** | *72,070* |
| L&T Halol Shamalji Tollway Limited | | *30,236* |
| | **133,757** | *2,017,023* |
| **7. Reimbursement of expenses charged to** | | |
| Ulimate Holding company Larsen & Toubro Limited | **3,051,170** | *5,272,895* |
| Holding company, L&T Infrastructure Development Projects Limited | | *313,473* |
| Fellow subsidiaries: | | |
| Varodara Brunch Tollway Limited | **86,000** | *–* |
| L&T Rajkot Vadinar Tollway Limited | **–** | *67,917* |
| L&T Samakhiali Gandhidham Tollway Limited | **452,250** | *–* |
| | **3,589,420** | *5,654,285* |
| **8. ICD / Mezzanine Debt** | | |
| Mezzanine Debt received from Holding company L&T Infrastructure Development Projects Limited | **20,000,000** | *150,000,000* |
| Fellow subsidiary: | | |
| ICD from L&T Transportation Infrastructure Limited | **–** | *67,200,000* |
| | **20,000,000** | *217,200,000* |
| **9. Interest expenses** | | |
| Fellow subsidiary: | | |
| L&T Transportation Infrastructure Limited | | *393,139* |
| | **–** | *393,139* |
| **10. Purchase of Commerical Paper** | | |
| Fellow subsidiary: | | |
| Krishnagiri Walajahpet Tollway Limited | **248,285,750** | |
| Western Andhra Tollways Limited | **59,747,940** | |
| | **308,033,690** | *–* |
| **11. Refundable deposit received for directors' nomination'** | | |
| Holding company L&T Infrastructure Development Projects Limited | **100,000** | *100,000* |
| | **100,000** | *100,000* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | ₹ | ₹ |
| **12. Key Managerial Personnel - Salary and Perquisites** | | |
| Mr. Vijay Venkatesh | | |
| Short term employee benefits | – | 2,117,733 |
| Other long term benefits | – | 2,086,844 |
| Mr. Sharad Pancholy | | – |
| Short term employee benefits | 1,706,966 | – |
| Other long term benefits | 537,548 | – |
| **Independent Directors - Sitting Fees** | | |
| Dr. A. Veeraraghavan | 220,000 | 170,000 |
| Mrs. Samyuktha Surendran | 220,000 | 170,000 |
| | 2,684,514 | 4,544,577 |

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

| Particulars | Amounts due (to)/from | |
|---|---|---|
| | As at As at March 31, 2017 | As at As at March 31, 2016 |
| Ultimate Holding Company | | |
| Larsen & Toubro Limited | (143,277,052) | (94,732,480) |
| Holding Company | | |
| L&T Infrastructure Development Projects Limited | (3,700,802,704) | (3,688,873,664) |

d) **Terms and conditions of transactions with related parties**

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: ₹ Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) No amounts pertaining to related parties have been written off or written back during the year.[Previous Year: ₹ Nil]

7) **DISCLOSURE PURSUANT TO IND AS 33 “EARNINGS PER SHARE”**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | ₹ | ₹ |
| **Basic earnings per equity share:** | | |
| Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹) | (2,911,208,717) | (2,230,328,394) |
| Weighted average number of equity shares outstanding for calculating basic earnings per share | 247,200,000 | 247,200,000 |
| **Basic earnings per equity share (₹)** | (11.78) | (9.02) |
| **Basic and Diluted earnings per equity share:** | | |
| Face value per equity share (₹) | 10.00 | 10.00 |

# *NOTES FORMING PART OF ACCOUNTS (Contd.)*

**8) DISCLOSURE PURSUANT TO IND AS 36 "IMPAIRMENT OF ASSETS"**

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

**9) DISCLOSURES AS PER IND AS 37 - "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS "**

**a) Nature of provision:**

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

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

During the current year the Company has provided ₹ 171,400,000/- for periodic major maintenance in respect of its resurfacing obligation , as per Schedule L Clause 4.3.7 of the Concession Agreement with NHAI. The same is at discounted value

**b) Movement in provisions:**

| **Particulars** | **As at 31 March 2017** | *As at 31 March 2016* | *As at 01 April 2015* |
|---|---|---|---|
| **Opening balance** | **148,600,000** | – | – |
| Additional provision | **171,400,000** | *148,600,000* | – |
| Unwinding of discount | **16,800,000** | – | – |
| **Closing balance** | **336,800,000** | *148,600,000* | – |

**c) Contingent Liabilities**

Disclosure in respect of contingent liabilities is given as part of Note F to the Balance Sheet.

**10)** Expense towards work done by subcontractors and reimbursement is yet to be approved by NHAI are accrued under other financial liabilities and corresponding reimbursement receivable are included under Utility Shifting recoverable since amount is payable to the subcontractor for such work on receipt of reimbursement from NHAI.

**11) DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016**

| **Particulars** | **SBNs** | **Other denomination notes** | **Total** |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 10,025,000 | 16,360,970 | 26,385,970 |
| (+) Permitted receipts | 81,031,000 | 109,239,604 | 190,270,604 |
| (-) Permitted payments | - | 903,028 | 903,028 |
| (-) Amount deposited in Banks | 91,056,000 | 89,001,136 | 180,057,136 |
| Closing cash in hand as on 30.12.2016 | - | 35,696,410 | 35,696,410 |

**12) FIRST TIME ADOPTION OF IND AS**

**Exemptions availed**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

**Deemed cost of Property, plant and equipment**

Company has elected to measure all of its Property, Plant and Equipment and Investment property at their previous GAAP carrying amount on the date of transition to Ind AS.

**Amortization of Tolling Rights**

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

**13) TRANSITIONAL ADJUSTMENT**

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

**(i) Borrowings**

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 5,91,87,675/- . Consequently an amount of ₹ 5,91,87,675/- has been derecognised from toll collection rights with an effect of ₹ NIL to retained earnings.

**(ii) Interest free Mezzanine Debt from the Holding Company**

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full hence were classifed as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to not deliver cash or other financial asset to settled the obligation, the interest-free Mezzanine debt is fair valued on initial recogntion. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹ by 2,68,39,02,735/- a corresponding adjustment to "Equity Component of Other Financial Instruments".

**(iii) Current investments**

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹1,01,028/- with a corresponding increase in the reserves.

**14) RECONCILATION OF EQUITY AS AT 1ST APRIL 2015**

| Particulars | Note | Indian GAAP* ₹ | Adjustments ₹ | Ind AS ₹ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| a) Property, plant and equipment | 1 | 19,439,960 | – | 19,439,960 |
| b) Intangible assets | 2 | – | | – |
| c) Intangible assets under development | 3 | 24,056,085,967 | (59,187,675) | 23,996,898,292 |
| d) Non Current Investment | | – | | – |
| e) Financial assets | | – | | |
| i) Loans | 4 | 1,052,881 | – | 1,052,881 |
| f) Deferred tax assets (net) | | – | | – |
| g) Other non-current assets | 5 | 19,263,837 | | 19,263,837 |
| | A | 24,095,842,645 | (59,187,675) | 24,036,654,970 |
| **Current assets** | | | | |
| a) Inventories | | | | |
| b) Financial assets | | | | |
| i) Investments | 6 | 32,016,277 | 101,028 | 32,117,305 |
| ii) Trade receivables | | – | | – |
| iii) Cash and bank balances | 7 | 50,149,936 | – | 50,149,936 |
| iv) Loans | 4 | 225,481,441 | | 225,481,441 |
| c) Current tax assets (net) | | – | – | – |
| d) Other current assets | 5 | 3,002,733 | – | 3,002,733 |
| | B | 310,650,387 | 101,028 | 310,751,415 |
| **TOTAL** | A+B | 24,406,493,032 | (59,086,647) | 24,347,406,385 |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | Note | Indian GAAP* ₹ | Adjustments ₹ | Ind AS ₹ |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| a) Equity share capital | 8 | 2,472,000,000 | | 2,472,000,000 |
| b) Other equity | 9 | (37,819,667) | 2,590,428,467 | 2,552,608,800 |
| | C | 2,434,180,333 | 2,590,428,467 | 5,024,608,800 |
| **LIABILITIES** | | | | |
| **(1) Non-current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | 21,468,914,000 | (2,649,515,114) | 18,819,398,886 |
| ii) Other financial liabilities | 11 | – | | – |
| b) Provisions | 12 | 3,907,821 | | 3,907,821 |
| c) Deferred tax liabilities (net) | | – | | – |
| d) Other non-current liabilities | | – | | – |
| | D | 21,472,821,821 | (2,649,515,114) | 18,823,306,707 |
| **Current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | 92,700,000 | | 92,700,000 |
| ii) Trade payables | 14 | – | | – |
| iii) Other financial liabilities | | 158,573,577 | | 158,573,577 |
| b) Other current liabilities | 13 | 246,275,955 | | 246,275,955 |
| c) Provisions | 12 | 120,047 | | 120,047 |
| d) Current tax liabilities (net) | 15 | 1,821,299 | | 1,821,299 |
| | E | 499,490,878 | – | 499,490,878 |
| **Total Equity and Liabilities** | C+D+E | 24,406,493,032 | (59,086,647) | 24,347,406,385 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

**15) RECONCILATION OF EQUITY AS AT 31ST MARCH 2016**

| Particulars | Note | Indian GAAP* ₹ | Adjustments ₹ | Ind AS ₹ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| a) Property, plant and equipment | 1 | 26,752,414 | | 26,752,414 |
| b) Intangible assets | 2 | 104,977,643,835 | (58,002,209,554) | 46,975,434,281 |
| c) Intangible assets under development | 3 | – | | – |
| d) Non Current Investment | | – | | – |
| e) Financial assets | | – | | |
| i) Loans | 4 | 1,279,824 | | 1,279,824 |
| f) Deferred tax assets (net) | | – | | – |
| g) Other non-current assets | 5 | 35,072,474 | | 35,072,474 |
| | A | 105,040,748,547 | (58,002,209,554) | 47,038,538,993 |
| **Current assets** | | | | |
| a) Inventories | | | | |
| b) Financial assets | | | | |
| i) Investments | 6 | 267,199,125 | 2,525,187 | 269,724,312 |
| ii) Trade receivables | | – | | – |
| iii) Cash and bank balances | 7 | 128,277,102 | | 128,277,102 |
| iv) Loans | 4 | 333,767,016 | | 333,767,016 |
| c) Current tax assets (net) | | – | | – |
| d) Other current assets | 5 | 2,761,293 | | 2,761,293 |
| | B | 732,004,536 | 2,525,187 | 734,529,723 |
| **TOTAL** | A+B | 105,772,753,083 | (57,999,684,367) | 47,773,068,716 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| a) Equity share capital | 8 | 2,472,000,000 | | 2,472,000,000 |
| b) Other equity | 9 | 1,182,806,436 | (750,986,270) | 431,820,166 |
| | C | 3,654,806,436 | (750,986,270) | 2,903,820,166 |
| **LIABILITIES** | | | | |
| **(1) Non-current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | 99,871,881,921 | (57,143,290,097) | 42,728,591,824 |
| ii) Other financial liabilities | 11 | 60,168,612 | | 60,168,612 |
| b) Provisions | 12 | 260,724,819 | (105,408,000) | 155,316,819 |
| c) Deferred tax liabilities (net) | | | | – |
| d) Other non-current liabilities | | – | | – |
| | D | 100,192,775,352 | (57,248,698,097) | 42,944,077,255 |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | Note | Indian GAAP* ₹ | Adjustments ₹ | Ind AS ₹ |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 10 | 1,200,500,545 | | 1,200,500,545 |
| ii) Trade payables | 14 | 3,855,018 | | 3,855,018 |
| iii) Other financial liabilities | | 573,727,768 | | 573,727,768 |
| b) Other current liabilities | 13 | 146,561,359 | | 146,561,359 |
| c) Provisions | 12 | 526,605 | | 526,605 |
| d) Current tax liabilities (net) | 15 | – | | – |
| | E | 1,925,171,295 | – | 1,925,171,295 |
| **Total Equity and Liabilities** | C+D+E | 105,772,753,083 | (57,999,684,367) | 47,773,068,716 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**16) RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016**

| Particulars | Note | Indian GAAP* ₹ | Adjustments ₹ | Ind AS ₹ |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Revenue from operations | 16 | 2,423,724,774 | | 2,423,724,774 |
| Construction contract revenue | | – | 247,977,152 | 247,977,152 |
| Other income | 17 | 10,499,636 | 2,424,159 | 12,923,795 |
| **Total income** | | **2,434,224,410** | **250,401,311** | **2,684,625,721** |
| **EXPENSES** | | | | |
| Cost of materials consumed | | – | 247,977,152 | 247,977,152 |
| Operating expenses | 18 | 421,790,543 | (105,408,000) | 316,382,543 |
| Employee benefits expense | 19 | 36,115,442 | | 36,115,442 |
| Finance costs | 20 | 1,660,297,198 | 2,245,960,395 | 3,906,257,593 |
| Depreciation, amortisation and obsolescence | | 737,516,735 | (384,441,121) | 353,075,614 |
| Administration and other expenses | 21 | 55,582,880 | – | 55,582,880 |
| **Total expenses** | | 2,911,302,799 | 2,004,088,425 | 4,915,391,224 |
| **Profit/(loss) before tax** | | **(477,078,389)** | **(1,753,687,114)** | **(2,230,765,503)** |
| Tax Expense: | | | | |
| Current tax | | – | – | – |
| | | – | – | – |
| **Profit/(loss) for the year** | | **(477,078,389)** | **(1,753,687,114)** | **(2,230,765,503)** |

**17) FINANCIAL RISK MANAGEMENT**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance and reviews the risk management framework.

**Market risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

# *NOTES FORMING PART OF ACCOUNTS (Contd.)*

i **Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

| **Particulars** | **31.03.2017** | *31.03.2016* | *01.04.2015* |
|---|---|---|---|
| Senior Debt from Banks - Variable rate borrowings | **18,211,406,310** | *18,226,728,945* | *17,964,426,325* |

**Sensitivity analysis based on average outstanding Senior Debt**

| **Interest Rate Risk Analysis** | **Impact on profit/ loss after tax** | |
|---|---|---|
| | **FY 2016-17** | *FY 2015-16* |
| Increase or decrease in interest rate by by 25 basis point | **45,547,669** | *45,238,944* |

Note: Profit will increase in case of decrease in interest rate and vice versa

iii **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

**The company's exposure to price risk due to investments in mutual fund is as follows:**

| **Particulars** | **Note No.** | **31.03.2017** | *31.03.2016* | *01.04.2015* |
|---|---|---|---|---|
| Investments in Mutual Funds | | **465,507,737** | *269,724,312* | *32,117,305* |

**Sensitivity Analysis**

| | **Impact on profit/ loss after tax** | |
|---|---|---|
| | **31.03.2017** | *31.03.2016* |
| Increase or decrease in NAV by 2% | **9,310,155** | *5,394,486* |
| Note - In case of decrease in NAV profit will reduce and vice versa. | | |

iv **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

The following are the contractual maturities of financial liabilities

| | Carrying Amount | upto 1 year | 1 - 2 years | 2 - 5 years | > 5 years |
|---|---|---|---|---|---|
| **AS AT MARCH 31, 2017** | | | | | |
| **Non Derivative Financial Liability** | | | | | |
| Senior Debt from Banks | 18,211,406,310 | 370,800,000 | 1,019,700,000 | 5,562,000,000 | 11,258,906,310 |
| Deferred Payment Liability | 26,751,758,671 | 1,221,200,000 | 1,159,100,000 | 4,407,800,000 | 19,963,658,671 |
| Mezzanine Debt | 1,222,991,692 | – | – | – | 1,222,991,692 |
| Trade Payables | 18,783,901 | 18,783,901 | | | |
| **Derivative Financial Liability** | NIL | NIL | NIL | NIL | NIL |
| **AS AT MARCH 31, 2016** | | | | | |
| **Non Derivative Financial Liability** | | | | | |
| Senior Debt from Banks | 18,226,728,945 | 185,400,000 | 370,800,000 | 3,337,200,000 | 14,333,328,945 |
| Deferred Payment Liability | 24,606,188,312 | – | 1,221,200,000 | 4,186,000,000 | 19,198,988,312 |
| Mezzanine Debt | 1,096,175,112 | – | – | – | 1,096,175,112 |
| Trade Payables | 3,855,018 | 3,855,018 | | | |
| **Derivative Financial Liability** | NIL | NIL | NIL | NIL | NIL |
| **AS AT APRIL 01, 2015** | | | | | |
| **Non Derivative Financial Liability** | | | | | |
| Senior Debt from Banks | 17,964,426,325 | 92,700,000 | 185,400,000 | 2,132,100,000 | 15,554,226,325 |
| Mezzanine Debt | 947,672,561 | – | – | – | 947,672,561 |
| **Derivative Financial Liability** | NIL | NIL | NIL | NIL | NIL |

The current portion in the financial statements represents the assets and liabilities expected to be recovered/settled within 12 months and non- current portion presented in the financial statements represents the assets & liabilities expected to be recovered/ settled beyond 12 months.

**v Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. NHAI. Hence, the management believes that the company is not exposed to any credit risk.

**18) FINANCIAL INSTRUMENTS**

**Disclosure of Financial Instruments by Category**

| Financial instruments by categories | Note no. | 31.03.2017 | | | *31.03.2016* | | | *01.04.2015* | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortized cost | *FVTPL* | *FVTOCI* | *Amortized cost* | *FVTPL* | *FVTOCI* | *Amortized cost* |
| **Financial asset** | | | | | | | | | | |
| Security Deposits | 4 | – | – | **1,293,853** | – | – | *1,279,824* | – | – | *1,052,881* |
| Investments | 6 | **465,507,737** | – | – | *269,724,312* | – | – | *32,117,305* | – | – |
| Cash and cash equivalents | 7 | – | – | **45,338,687** | – | – | *128,277,102* | – | – | *50,149,936* |
| Other Current Financial Asset | 4 | – | – | **200,633,434** | – | – | *333,767,016* | – | – | *225,481,441* |
| **Total Financial Asset** | | **465,507,737** | – | **247,265,974** | *269,724,312* | – | *463,323,942* | *32,117,305* | – | *276,684,258* |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| Financial instruments by categories | Note no. | 31.03.2017 | | | 31.03.2016 | | | 01.04.2015 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost |
| **Financial liability** | | | | | | | | | | |
| Borrowings | 10 | – | – | 46,186,156,673 | – | – | 43,929,092,369 | – | – | 18,912,098,886 |
| Other Current Financial Liabilities | 11 | | | 265,304,423 | | | 60,168,612 | | | – |
| Trade Payables | 14 | – | – | 18,783,901 | – | – | 3,855,018 | – | – | – |
| **Total Financial Liabilities** | | – | – | 46,470,244,997 | – | – | 43,993,115,999 | – | – | 18,912,098,886 |

**Default and breaches**

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

**19) FAIR VALUE OF FINANCIAL ASSET AND LIABILTIES AT AMORTIZED COST**

| Particular | Note no. | 31.03.2017 | | 31.03.2016 | | 01.04.2015 | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | | | | |
| Security Deposits | 4 | 1,293,853 | 1,293,853 | 1,279,824 | 1,279,824 | 1,052,881 | 1,052,881 |
| **Total Financial Assets** | | 1,293,853 | 1,293,853 | 1,279,824 | 1,279,824 | 1,052,881 | 1,052,881 |
| **Financial liability** | | | | | | | |
| Borrowings | 10 | 46,186,156,673 | 46,186,156,673 | 43,929,092,369 | 43,929,092,369 | 18,912,098,886 | 18,912,098,886 |
| Other Current Financial Liabilities | 11 | 265,304,423 | 265,304,423 | 60,168,612 | 60,168,612 | – | – |
| Trade Payables | 14 | 18,783,901 | 18,783,901 | 3,855,018 | 3,855,018 | – | – |
| **Total Financial Liabilities** | | 46,470,244,997 | 46,470,244,997 | 43,993,115,999 | 43,993,115,999 | 18,912,098,886 | 18,912,098,886 |

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

**20) FAIR VALUE MEASUREMENT**

**Fair Value Measurement of Financial asset and Financial liabilties**

**Fair value hierarchy**

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM** | | | | | |
| **Financial asset measured at FVTPL** | | | | | |
| Investments in Mutual Funds | 6 | 465,507,737 | – | – | 465,507,737 |
| **Total of Financial Assets** | | **465,507,737** | **–** | **–** | **465,507,737** |
| **Financial Liabilities measured at FVTPL** | | – | – | – | – |
| **Total of Financial Liabilities** | | – | – | – | – |

# NOTES FORMING PART OF ACCOUNTS (Contd.)

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED** | | | | | |
| **Financial Liabilities** | | | | | |
| Borrowings | 10 | – | 46,186,156,673 | – | 46,186,156,673 |
| Other Current Financial Liabilities | 11 | – | 265,304,423 | – | 265,304,423 |
| Trade Payables | 14 | | 18,783,901 | | 18,783,901 |
| **Total Financial liabilties** | | **–** | **46,470,244,997** | **–** | **46,470,244,997** |

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **AS AT MARCH 31, 2016** | | | | | |
| **FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM** | | | | | |
| **Financial asset measured at FVTPL** | | | | | |
| Investments in Mutual Funds | 6 | 269,724,312 | – | – | 269,724,312 |
| **Total of Financial Assets** | | **269,724,312** | **–** | **–** | **269,724,312** |
| **Financial Liabilitieis measured at FVTPL** | | – | – | – | – |
| **Total of Financial Liabilities** | | – | – | – | – |

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED** | | | | | |
| **Financial Assets** | | | | | |
| Security Deposits | 4 | – | | 1,279,824 | 1,279,824 |
| **Total Financial Assets** | | **–** | **–** | **1,279,824** | **1,279,824** |
| **Financial Liabilities** | | | | | |
| Borrowings | 10 | - | 43,929,092,369 | - | 43,929,092,369 |
| Other Current Financial Liabilities | 11 | - | 60,168,612 | - | 60,168,612 |
| Trade Payables | 14 | - | | 3,855,018 | 3,855,018 |
| **Total Financial Liabilities** | | **-** | **43,989,260,981** | **3,855,018** | **43,993,115,999** |

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **AS AT APRIL 1, 2015** | | | | | |
| **FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM** | | | | | |
| **Financial asset measured at FVTPL** | | | | | |
| Investments in Mutual Funds | 6 | 32,117,305 | – | – | 32,117,305 |
| **Total of Financial Assets** | | **32,117,305** | **–** | **–** | **32,117,305** |
| **Financial Liabilitieis measured at FVTPL** | | – | – | – | – |
| **Total of Financial Liabilities** | | **–** | **–** | **–** | **–** |

## NOTES FORMING PART OF ACCOUNTS (Contd.)

| | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED** | | | | | |
| **Financial Assets** | | | | | |
| Security Deposits | 4 | – | | 1,052,881 | 1,052,881 |
| **Total of Financial Assets** | | **–** | **–** | **1,052,881** | **1,052,881** |
| **Financial Liabilities** | | | | | |
| Borrowings | 10 | – | 18,912,098,886 | – | 18,912,098,886 |
| Other Current Financial Liabilities | 11 | – | – | – | – |
| Trade Payables | 14 | – | – | – | – |
| **Total of Financial Liabilities** | | **–** | **18,912,098,886** | **–** | **18,912,098,886** |

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

**Valuation technique and inputs used to determine fair value**

| Financial assets and liabilities | Valuation method | Inputs |
|---|---|---|
| **Financial assets** | | |
| Investment in Mutual Funds | Market Approach | NAV |
| Security deposit | Income | Cash flow |
| **Financial liabilities** | | |
| Term Loan from Banks | Income | Current Bank Rate |
| Defered Payment Liability | Income | Current Bank Rate |
| Loans from Related parties | Income | Current Bank Rate |

### 21) ASSET PLEDGED AS SECURITY

| Particulars | Note no | 31.03.2017 | *31.03.2016* | *01.04.2015* |
|---|---|---|---|---|
| Non Financial Asset | | | | |
| Property, Plant & Equipment | 1 | **31,930,766** | *26,752,414* | *19,439,960* |
| Intangible asset | 2 | **46,660,970,924** | *46,975,434,281* | *23,996,898,292* |
| Other Financial Asset | 4 | **201,927,287** | *335,046,840* | *226,534,322* |
| **Financial Asset** | | | | |
| Cash and Cash Equivalents | 7 | **45,338,687** | *128,277,102* | *50,149,936* |
| Investments In Mutual Fund | 6 | **465,507,737** | *269,724,312* | *32,117,305* |
| Other Current Asset | 5 | **30,432,005** | *37,833,767* | *22,266,570* |
| **TOTAL** | | **47,436,107,406** | *47,773,068,716* | *24,347,406,385* |

### 22) DISCLOSURE PURSUANT TO APPENDIX - A TO IND AS 11 - " SERVICE CONCESSION ARRANGEMENTS"

**i Description and classification of the arrangment**

L&T BPP Tollway Limited is a Special purpose vehicle incorporated on 25th may 2011, 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. The Company commenced operations on June 11,2015."

# NOTES FORMING PART OF ACCOUNTS (Contd.)

ii **Significant Terms of the arrangements**

(a) **Revision of Fees:**

Fees shall be revised annually on 1st April as per Schedule R of the Concession Agreement dated June 22, 2011.

(b) **Concession Fee**

As per Article 26 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable to pay additional concession fee ₹ 251.01 Crs from the commerical operation date on monthly basis. On every 1st April, the additional concession fees shall increase by 5% as compared to every preceeding year.

iii **Rights of the Company for use Project Highway**

a To demand, collect and appropriate, Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

iv **Obligation of the Company**

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The Company shall perform and fullfill all of the Concessionaire's obligations and in accordance with this agreement.

c At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

v **Details of Termination**

Concession can be terminated on account of concessionaire event of default mentioned under Article 37.1 or Authority event of default mentioned under Article 37.2.

vi **Other rights and obligations**

The company need to fulfill its maintence obligations as mentioned in Article 17 as well as Schedule K. It includes maintenance of roughness value upto 2500mm. If roughness index exceeds 2500mm the same need to be rectified in 180 days. (called as major maintenace)

vii **Changes in arrangements occuring during the period**

In view of instructions issued by NHAI, toll collection was suspended during the period from 9th Nov 2016 to 2nd Dec 2016.

viii **Service arrangement has been classified as an Intangible Asset**

23) **CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

| **Particulars** | **March 31, 2017** | *March 31, 2016* | *April 01, 2015* |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Equity | **2,472,000,000** | *2,472,000,000* | *2,472,000,000* |
| Other Equity | **-2,465,446,529** | *431,820,166* | *2,552,608,800* |
| **Total** | **6,553,471** | *2,903,820,166* | *5,024,608,800* |

The company does not have any externally imposed capital requirement.

24) During the year, company has re-estimated the expected outflow of Major maintainance from ₹ 187 Crore to ₹157 Crore and accordingly prospective effect is given in provision in current by 6 crore and balance in future periods.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

**25) Disclosure pursuant to Ind AS 19 - " Leases"**

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

Future minimum rentals for non-cancellable leases as on 31st March 2017 is as follows :

| Particulars | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Within one year | **362,318** | *654,701* | *2,196,224* |
| After one year but not more than five years | | | |
| More than five years | | | |
| **Total** | **362,318** | *654,701* | *2,196,224* |

**26) MAJOR COMPONENTS OF DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS:**

The Company has not recognised any deferred tax in the books of account (as the timing difference arising on account of differences in tax liability as per Income-Tax Act,1961 and books of account) falls within the tax holiday period under Section 80 IA of the Income Tax, 1961.

| Particulars | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Unused tax losses for which no deferred tax asset has been recognised. | **(45,549,173,082)** | *(26,009,904,729)* | – |
| Potential Tax benefit @ 30.9% | **(14,074,694,482)** | *(6,037,633,921)* | – |

The Unused tax losses amounting to 45,549,173,082 can be carried forward for a period of 8 years from the year in which they occur.

**27) Reconciliation of Total Equity (Refer Note H (26))**

| Particulars | 31-Mar-16 | 01-Apr-15 |
|---|---|---|
| Total Equity as per Previous GAAP | 1,957,539,050 | 2,434,180,330 |
| Adjustments as per Ind AS | | |
| Unwinding of Interest on Loan | -4,081,232 | |
| Amortisation | 384,441,121 | |
| Discounting of MMR provision | 105,408,000 | |
| Unwinding of Interest on Defered payment Liability-Opening | -2,133,836,851 | |
| Mezzanine debt discounting-Opening | -93,575,293 | -93,575,293 |
| Mezzanine debt discounting- Equity | 2,793,442,495 | 2,683,902,735 |
| Mezzanine debt discounting | -108,042,312 | |
| Fair value of Investment | 2,424,159 | |
| Fair value of Investment-Opening | 101,028 | 101,028 |
| **Total Ind AS Adjustments** | **946,281,116** | **2,590,428,470** |
| **Total Equity as per Ind AS** | **2,903,820,166** | **5,024,608,800** |

**28) PREVIOUS YEAR FIGURES ARE REGROUPED WHEREEVER REQUIRED.**

**I. SIGNIFICANT ACCOUNTING POLICIES**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1. Basis of preparation**

**(a) Compliance with IndAS**

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

These financial statements are the first financial statements of the Company under IndAS. Refer Note 13 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

**(b) Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

- Certain financial assets and liabilities
- Net defined benefit (asset) / liability

**(c) Use of estimates and judgements**

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**(d) Measurement of fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**2 Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III 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 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

**3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

**4 Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings.

**5 Cash flow statement**

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

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

**6 Property, plant and equipment (PPE)**

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to Property, Plant and Equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on assets has been provided on straight-line pattern over useful life except on the category of assets specified in subsequent para at the rates specified in the Schedule II to the Companies Act, 2013.

The estimated useful lives of the assets are as follows:

| Category of Property, plant and equipment | Estimated useful life (in years) |
|---|---|
| **Plant and equipment:** | |
| Toll Collection System | 7 |
| DG Sets | 12 |
| Air-conditioning and refrigeration equipment | 12 |
| Split AC and Window AC | 4 |
| Furniture and fixtures | 10 |

## *NOTES FORMING PART OF ACCOUNTS (Contd.)*

| Category of Property, plant and equipment | Estimated useful life (in years) |
|---|---|
| **Vehicles:** | |
| Motor cars (other than those under the Company owned car scheme) | 7 |
| Motor cars (under the Company owned car scheme) | 5 |
| Motor cycles, scooters and other mopeds | 10 |
| Tractors and other vehicles | 8 |
| **Office equipment:** | |
| Multifunctional devices, printers, switches and projectors | 4 |
| Other office equipments | 5 |
| **Computers:** | |
| Servers and systems | 6 |
| Desktops, laptops, etc, | 3 |
| Electrical installations | 10 |

**7 Amortisation of intangible assets**

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period as provided to the project lender at the time of financial closure/arrangement. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period. For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

**8 Intangible assets**

**Rights under Service Concession Arrangements**

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

**Toll Projects (Right to charge users)**

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highway Authority of India (NHAI), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

**9 Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical 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 recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are

# NOTES FORMING PART OF ACCOUNTS (Contd.)

recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**(ii) Post employment benefits**

**(a) Defined contribution plans:**

The Company's State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

**(b) Defined benefit plans:**

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. 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 rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

**(iii) Other long term employee benefits:**

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

**(iv) Termination benefits**

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**10 Borrowing costs**

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**11 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

**12 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**13 Income taxes**

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

**14 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**15 Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

## *NOTES FORMING PART OF ACCOUNTS (Contd.)*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

**16 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**a) Financial Assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

**b) Financial Liabilities**

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**17 Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

**Finance leases:**

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

# NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

**Operating leases:**

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

**18 Claims**

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

**19 Commitments**

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

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

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

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

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

**20 First time adoption of Ind AS**

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

---

As per our report attached of even date

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

**P. RAJESH KUMAR**
*Partner*
*Membership No:225366*

*Place : Chennai*
*Date : April 27, 2017*

For and on behalf of the Board

**P PADMANABHAN**
*Chief Financial Officer*

**T S VENKATESAN**
*Director*
*DIN: 01443165*

**MATHEW GEORGE**
*Director*
*DIN: 07402208*

*Place : Chennai*
*Date : April 27, 2017*