

BOARD'S REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

₹ in crore

| Particulars | 2017-18 | 2016-17 |
|---|---------------|---------------|
| Profit / (Loss) Before Depreciation, exceptional items & Tax | 17.80 | 17.04 |
| Less: Depreciation, amortization, impairment and obsolescence | 3.63 | 2.86 |
| Profit / (Loss) before exceptional items and tax | 14.17 | 14.18 |
| Add: Exceptional Items | – | |
| Profit / (Loss) before tax | 14.17 | 14.18 |
| Less: Provision for tax | 1.42 | (12.92) |
| Profit for the period carried to the Balance Sheet | 12.75 | 27.10 |
| Add: Balance brought forward from previous year | 143.28 | 116.18 |
| Balance to be carried forward | 156.03 | 143.28 |

2. CAPITAL & FINANCE

The Company has not issued and allotted share capital during the year.

3. CAPITAL EXPENDITURE

As at March 31, 2018 the gross fixed and intangible assets including leased assets, stood at ₹.99.12 crore and the net fixed and intangible assets including leased assets, at ₹.68.06 crore. Capital Expenditure during the year amounted to ₹.0.62 crore

4. DEPOSITS

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 (the "Act") and the Rules framed thereunder.

5. DEPOSITORY SYSTEM

As on March 31, 2018, the shares of the Company are held in the following manner:

Equity shares:

More than 99.99% of the Company's equity paid up capital representing 4,13,99,994 equity shares @ ₹ 10/- each are in dematerialized form and 6 equity shares @ ₹ 10/- each are in physical form.

6. SUBSIDIARY COMPANIES

Your company has no Subsidiary / Associate / Joint Venture Company under its purview.

7. 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 facilities, the provisions of Section 186 except sub-section (1) of the Act are not applicable to the Company.

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions during the year have been approved in terms of the Act. Details of Related Party Transactions are provided in Annexure 1 (AOC-2).

All RPTs are at arms length basis and are in the ordinary course of business.

9. STATE OF COMPANY AFFAIRS

The gross revenue and other income for the financial year under review were ₹.41.85 crore as against ₹.37.34 crore for the previous financial year registering an increase of 12.08%. The profit before tax was ₹.14.17 crore and the profit after tax was ₹.12.75 crore for the financial year under review as against ₹ 14.18 crore and ₹ 27.10 crore respectively for the previous financial year registering an increase of 0.07 % and 52.95% respectively.

10. AMOUNT TO BE CARRIED TO RESERVE

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

11. DIVIDEND

As the Company has no distributable profits hence no dividend is payable for the year.

12. 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 and material orders

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

There were no foreign exchange earnings or outgo during the year.

14. 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.

15. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility Committee in accordance with the requirements of the Act read with the rules made thereunder comprising of Mr.N.Raghavan, Mr.P.G.Suresh Kumar and Mr.R.G.Ramachandran as the members of the committee.

The terms of reference of the Corporate Social Responsibility Committee are in line with the provisions of the Act.

During the year, one Corporate Social Responsibility committee meeting was held and the details are given below:

| Date | Strength of the Committee | No. of members Present |
|------------------|---------------------------|------------------------|
| October 16, 2017 | 3 | 3 |

The provisions pertaining to Corporate Social Responsibility (CSR) as prescribed under the Act are applicable to your Company and the details of CSR expenditure is enclosed to this Report as Annexure 2.

16. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.R.G.Ramachandran, Director retired by rotation at the Annual General Meeting held on September 26, 2017 and was reappointed as Director.

Composition of Board of Directors of the Company as on March 31, 2018 stood as below:

| Name | Designation |
|-----------------------|----------------------|
| Mr. P. G.Suresh Kumar | Director |
| Mr. R. G.Ramachandran | Director |
| Mr. Mathew George | Director |
| Mr. N. Raghavan | Independent Director |
| Dr. Koshy Varghese | Independent Director |

The Key Managerial Personnel (KMP) of the Company as on March 31, 2018 are:

| Name | Designation |
|----------------------------|-------------------------|
| Mr. Poovarsan Umapathy | Chief Financial Officer |
| Mr. Krishnaswamy Srinathan | Company Secretary |
| Mr. K.V.Satish Kumar | Manager |

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.

During the year four Board Meetings were held. The details of the Board meetings conducted during the year are given below:

| Date | Board Strength | No of Directors Present |
|------------------|----------------|-------------------------|
| April 27, 2017 | 5 | 5 |
| July 18, 2017 | 5 | 3 |
| October 16, 2017 | 5 | 4 |
| January 16, 2018 | 5 | 4 |

Information to the Board

The Board of Directors has complete access to the information within the Company which interalia 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 (AC), Nomination and Remuneration Committee (NRC), Corporate Social Responsibility Committee (CSR)
- 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 public 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

Presentations are made regularly to the Board/NRC/Audit Committee (minutes of Board, AC and NRC are circulated to the Board) where Directors get an opportunity to interact with senior managers. Presentations, interalia 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.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during the Board / Committee Meetings, when senior company personnel make presentations about performance of the Company.

Audit Committee

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 comprising of Mr.N.Raghavan, Dr.Koshy Varghese and Mr.Mathew George.

During the year four audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

| Date | Strength of the Committee | No. of members present |
|------------------|---------------------------|------------------------|
| April 27, 2017 | 3 | 3 |
| July 18, 2017 | 3 | 2 |
| October 16, 2017 | 3 | 3 |
| January 16, 2018 | 3 | 2 |

As per the provisions of Section 177(9) of the Act, the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a whistle blower policy in place to report concerns about unethical activities, actual/suspected frauds and violation of Company's Code of Conduct. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairman of the Audit Committee. The Chief Internal Auditor of the Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

Members can view the details of the whistle blower policy under the said framework of the Company on its website of Holding Company (L&T Infrastructure Development Projects Limited) www.LntidpL.com

Company Policy on Director Appointment and Remuneration

The Company had constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the Rules made thereunder comprising of Mr.Mathew George, Mr.N.Raghavan and Dr.Koshy Varghese.

During the year, no Nomination and Remuneration Committee was held.

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director and also for KMP.

Declaration of independence

The Company has received declaration of independence as stipulated under Section 149(7) of the Act from the Independent Directors confirming that he/she is not disqualified from continuing as an Independent Director.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and 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.

17. 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 profit or 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.
- e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.
- f) 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.

18. 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 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.

Further, the Independent Directors at the meeting held on December 23, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

19. DISCLOSURE OF REMUNERATION

As the shares of the Company are not listed with any stock exchange, 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.

20. 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.

21. PROTECTION OF WOMEN AT WORKPLACE

The Company has adopted a policy on Protection of Women's Rights at workplace in line with the policy formulated by the Holding Company. This has been widely disseminated. There were no complaints of sexual harassment by the Company during the year.

22. AUDITORS REPORT

The Auditors' Reports on the financial statements for the financial year 2017-18 are unqualified. The Notes to the accounts referred to in the Auditors' Reports are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Act.

23. AUDITOR

The Company at the Twentieth Annual General Meeting (AGM) held on September 26, 2017 had appointed M/s.M.K.Dandekar & Co, Chartered Accountants, (ICAI Registration no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that AGM until the conclusion of the sixth consecutive AGM of the Company.

24. SECRETARIAL AUDITOR

Your company is not attracted by the provisions of Section 204 of the Act pertaining to secretarial audit.

25. COST AUDITOR

Your company is not attracted by the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendments Rules, 2015 pertaining to cost audit.

26. EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as 'Annexure 3'.

ACKNOWLEDGEMENT

The Board of Directors wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. Your Directors take this opportunity to thank financial institutions, banks, Central and State Government authorities, regulatory authorities and all the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Chennai

Date : July 11, 2018

R. G. RAMACHANDRAN

Director
DIN: 02671982

P. G. SURESH KUMAR

Director
DIN: 07124883

ANNEXURE 1

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 Act including certain arm's length transactions under 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

- (i) There were no contracts or arrangements entered into by the Company with related party(ies) during the FY 2017-18 which required shareholders' approval as per Sec. 188(1) of the Act.
- (ii) The details of related party transactions during the FY 2017-18 forms part of the financial statements as per IND AS 24 and the same is given in Note H 6.

For and on behalf of the Board

Place : Chennai

Date : July 11, 2018

R. G. RAMACHANDRAN

Director
DIN: 02671982

P. G. SURESH KUMAR

Director
DIN: 07124883

ANNEXURE 2**CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES****a. Amount to be spent on CSR:**

| Particulars | ₹ |
|--|--------------|
| Average Net Profit of the Company for the last three financial years | 15,60,16,112 |
| Amount to be spent as CSR during the year | 31,20,322 |
| Amount carried forward from earlier years | 47,57,402 |
| Amount spent during the year | 28,13,172 |
| Amount unspent aggregating | 50,64,552 |

The CSR committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

b. Manner in which amount spent during the financial year:

| CSR project/ activity identified | Sector in which the Project is covered | Projects/ Programs 1) Local area or other 2) specify the State and district where projects or Programs were undertaken | Amount outlay (budget) project / program wise (₹) | Amount spent on the project / programs Sub- heads: 1) Direct expenditure on projects or programs 2) Overheads (₹) | Cumulative spend upto the reporting period (₹) | Amount spent (Direct / implementing agency) (₹) |
|---|--|--|--|--|---|---|
| Construction of Compound wall in School at Sangareddy | Rural development | Telangana | 10,00,000 | 10,00,000 | 28,13,172 | 28,13,172 |
| Construction of Toilet Block in Kasturba Gandhi Aavaseys Vidhyaih at Vijaipura | Sanitation | Rajasthan | 2,26,800 | 2,26,800 | | |
| Construction of Compound Wall In Balrai School at Pali | Education | Rajasthan | 4,64,670 | 4,64,670 | | |
| Vehicle for orphanage, Chennai | Social welfare | Tamilnadu | 11,21,702 | 11,21,702 | | |
| Total | | | | 28,13,172 | 28,13,172 | 28,13,172 |

The Company envisaged to carry out CSR activities for the unspent amount towards construction of toilets for women near toll-plaza or schools or such other places.

For and on behalf of the Board

Place : Chennai

Date : July 11, 2018

R. G. RAMACHANDRAN

Director
DIN: 02671982

P. G. SURESH KUMAR

Director
DIN: 07124883

ANNEXURE 3**Form No. MGT-9****EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2018**

[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 | U45203TN1997PLC039102 |
| Registration Date | 24/09/1997 |
| Name of the Company | L&T Transportation Infrastructure 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. 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700) |

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:-

| S. 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 vehicular and pedestrian ways, highways, bridges, tunnels and subways | 42101 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and CIN/GLN of the Company | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|--|-------------------------------|------------------|--------------------|
| 1 | L&T Infrastructure Development Projects Limited U65993TN2001PLC046691 | Holding | 73.76% | 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. | 41399994 | 6* | 41400000 | 100 | 41399994 | 6* | 41400000 | 100 | – |
| e) Banks / FI | – | – | – | – | – | – | – | – | – |
| f) Any Other | – | – | – | – | – | – | – | – | – |
| Sub-total (A) (1):- | 41399994 | 6* | 41400000 | 100 | 41399994 | 6* | 41400000 | 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) | 41399994 | 6* | 41400000 | 100 | 41399994 | 6* | 41400000 | 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) FIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| 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 | – | – | – | – | – | – | – | – | – |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | – | – | – | – | – | – | – | – | – |
| c) Others (specify) | – | – | – | – | – | – | – | – | – |
| Sub-total (B)(2):- | – | – | – | – | – | – | – | – | – |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | – | – | – | – | – | – | – | – | – |
| Grand Total (A+B+C) | 41399994 | 6* | 41400000 | 100 | 41399994 | 6* | 41400000 | 100 | – |

* including Shares held by individuals jointly with Larsen & Toubro Limited.

(ii) Shareholding of Promoters

| Sl No | Shareholders Name | Shareholding as on April 01, 2017 | | | Shareholding as on March 31, 2018 | | | % change in share holding 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 | 30536000 | 73.76% | 0 | 30536000 | 73.76% | 0% | – |
| 2 | Larsen & Toubro Limited | 10863994 | 26.24% | 0 | 10864000 | 26.24% | 0% | – |
| 3 | Mr.P.G.SureshKumar* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| 4 | Karthikeyan T V* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| 5 | J. Subramanian* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| 6 | T. S. Venkatesan* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| 7 | R. G. Ramachandran* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| 8 | K. Venkatesh* | 1 | 0 | 0 | 1 | 0 | 0 | – |
| | Total | 41400000 | 100% | 0% | 41400000 | 100% | 0% | – |

* Shares held by individuals jointly with Larsen & Toubro Limited

L&T TRANSPORTATION INFRASTRUCTURE LIMITED

(iii) Change in Promoters' Shareholding:

No change in promoter's shareholding

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

No change in shareholding pattern of top ten shareholders

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding | | Cumulative Shareholding during the Year | |
|---------|---|---------------|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | Mr.R.G.Ramachandran | | | | |
| | At the beginning as on April 01, 2017 | 1 | 0% | 1 | 0.0001% |
| | Increase / decrease | – | – | – | – |
| | At the End of the year as on March 31, 2018 | 1 | 0% | 1 | 0.0001% |

V. INDEBTEDNESS

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

(₹ in Crore)

| Particulars of Indebtedness | Secured Loans excluding deposits | Unsecured Loans | Total Indebtedness |
|---|----------------------------------|-----------------|--------------------|
| As on April 01, 2017 | | | |
| i) Principal Amount | 58.88 | – | 58.88 |
| ii) Interest due but not paid | – | – | – |
| iii) Interest accrued but not due | – | – | – |
| Total (i + ii + iii) | 58.88 | | 58.88 |
| Change in Indebtedness during the financial year | | | |
| Addition | – | – | – |
| Reduction | 19.53 | – | 19.53 |
| Net Change | 19.53 | – | 19.53 |
| As on March 31, 2018 | | | |
| i) Principal Amount | 39.35 | – | 39.35 |
| ii) Interest due but not paid | – | – | – |
| iii) Interest accrued but not due | – | – | – |
| Total (i + ii + iii) | 39.35 | – | 39.35 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

| S. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|--------|---|---------------------------|------------------|
| | | Manager: Satish Kumar K V | |
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 17,01,400 | 17,01,400 |
| | (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) | 17,01,400 | 17,01,400 |
| | Ceiling as per the Act | 1,20,00,000 | |

B. Remuneration to other directors:

(Amount in ₹)

| S. No | Particulars of Remuneration | Name of Directors | | Total Amount |
|-------|--|---|--------------------|-----------------|
| 1 | Independent Directors | Mr. N. Raghavan | Dr. Koshy Varghese | |
| | Fee for attending Board Meeting | 1,00,000 | 75,000 | 1,75,000 |
| | Fee for attending Committee Meeting | 60,000 | 50,000 | 1,10,000 |
| | Commission | — | — | — |
| | Others | — | — | — |
| | Total (1) | 1,60,000 | 1,25,000 | 2,85,000 |
| 2. | Other Non – Executive Directors | | | |
| | 1. Mr. P. G. Suresh Kumar | | | |
| | 2. Mr.R.G. Ramachandran | | | |
| | 3. Mr.Mathew George | | | |
| | Fee for attending Board Meeting | | | |
| | Fee for attending | | | |
| | Committee Meeting | | | |
| | Commission | | | |
| | Others Please Specify | | | |
| | Total (2) | | | |
| | Total (B)=(1 + 2) | 1,60,000 | 1,25,000 | 2,85,000 |
| | 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 KMP other than Manager of the Company. Mr.U.Poovarasana, CFO and Mr. K.Srinathan, Company Secretary of the Company are employed by the Holding Company and Larsen & Toubro Ltd. respectively.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Place : Chennai

Date : July 11, 2018

R. G. RAMACHANDRANDirector
DIN: 02671982**P. G. SURESH KUMAR**Director
DIN: 07124883

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T TRANSPORTATION INFRASTRUCTURE LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Transportation Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS 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) specified under Section 133 of the Act, read with Rule 4 of the 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 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 the 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (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 Changes in Equity and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note H(11)(d) to the Ind AS financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **M.K.DANDEKER & CO.,**
(ICAI Reg. No. 000679S)

Place: Chennai
Date: April 21, 2018

S.Poosaidurai
Chartered Accountants
Membership No. 223754

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our Report of even date)

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
 - The title deeds of immovable properties are held in the name of the Company.
- The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.
- The Company has granted unsecured loans which are repayable on demand to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. The terms of such loans are not prejudicial to company's interest.
- According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.
- The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- The 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) is not applicable for the Company as it does not meet the threshold limit of turnover prescribed under Rule 3 of the Rules. Accordingly, reporting under clause (vi) of the Order does not arise.
- According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
 - According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of dispute.
- The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.
- The Company has not taken any term loans or raised any money by way of initial public offer or further Public officer during the year.
- Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
- The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
- According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **M.K.DANDEKER & CO.,**
(ICAI Reg. No. 000679S)

Place: Chennai
Date: April 21, 2018

S.Poosaidurai
Chartered Accountants
Membership No. 223754

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in 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 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Transportation Infrastructure Limited ("the Company") as of March 31, 2018 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Ind AS 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, the Company 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 March 31, 2018, 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 issued by the Institute of Chartered Accountants of India.

for M.K.DANDEKER & CO.,
(ICAI Reg. No. 000679S)

Place: Chennai
Date: April 21, 2018

S.Poosaidurai
Chartered Accountants
Membership No. 223754

BALANCE SHEET AS AT MARCH 31, 2018

| Particulars | Note No. | As at 31.03.2018 ₹ | As at 31.03.2017 ₹ |
|--------------------------------------|------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, Plant and Equipment | 1 | 8,354,930 | 1,989,521 |
| b) Capital work-in-progress | 2 | – | 1,053,917 |
| c) Intangible assets | 3 | 672,319,069 | 707,820,021 |
| d) Financial Assets | | | |
| i) Loans and advances | 4 | 683,165 | 343,070 |
| e) Deferred tax assets (net) | | 49,664,887 | 33,223,167 |
| f) Other non-current assets | 5 | 9,764,966 | 302,762 |
| | A | 740,787,017 | 744,732,458 |
| Current assets | | | |
| a) Financial Assets | | | |
| i) Investments | 6 | 809,661,820 | 1,560,809,295 |
| ii) Trade receivables | 7 | – | – |
| iii) Cash and bank balances | 8 | 1,033,079,946 | 229,411,083 |
| iv) Loans and advances | 4 | 733,431,918 | 7,170,797 |
| b) Other current assets | 5 | 420,605,078 | 357,059 |
| | B | 2,996,778,762 | 1,797,748,234 |
| TOTAL | A + B | 3,737,565,779 | 2,542,480,692 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share capital | 9 | 414,000,000 | 414,000,000 |
| b) Other Equity | 10 | 1,560,371,995 | 1,432,845,775 |
| | C | 1,974,371,995 | 1,846,845,775 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 11 | 198,515,435 | 393,746,604 |
| ii) Other financial liabilities | 12 | 1,393,800 | 1,193,800 |
| b) Provisions | 13 | – | 69,436,334 |
| | D | 199,909,235 | 464,376,738 |
| Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Trade payables | 15 | 8,783,342 | 28,873,534 |
| ii) Other financial liabilities | 12 | 1,432,870,338 | 198,172,998 |
| b) Other current liabilities | 14 | 1,210,997 | 550,637 |
| c) Provisions | 13 | 120,419,872 | 575,734 |
| d) Current tax liabilities (net) | 16 | – | 3,085,276 |
| | E | 1,563,284,549 | 231,258,179 |
| Total Equity and Liabilities | C + D + E | 3,737,565,779 | 2,542,480,692 |
| Contingent liabilities | F | | |
| Commitments | G | | |
| Other notes forming part of accounts | H | | |
| Significant accounting policies | I | | |

As per our report attached

For and on behalf of the Board

For M.K.Dandekar & Co.

Chartered Accountants

(Firm's Registration No.: 000679S)

By the hand of

S. POOSAIDURAI

Partner

Membership No.: 223754

Place : Chennai

Date : April 21, 2018

U. POOVARASAN

Chief Financial Officer

K.SRINATHAN

Company Secretary

M. No. A12711

R G RAMACHANDRAN

Director

DIN: 02671982

Place : Chennai

Date : April 21, 2018

MATHEW GEORGE

Director

DIN: 07402208

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2018

| Particulars | Note No. | 2017-18 ₹ | 2016-17 ₹ |
|---|----------|--------------------|----------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 303,865,843 | 250,814,395 |
| Other income | 18 | 114,624,224 | 122,607,155 |
| Total Income | | 418,490,067 | 373,421,550 |
| EXPENSES | | | |
| Operating expenses | 19 | 122,852,788 | 86,647,032 |
| Employee benefit expenses | 20 | 11,688,684 | 11,093,353 |
| Finance costs | 21 | 71,968,314 | 77,483,032 |
| Depreciation and amortisation | 1 & 3 | 36,319,069 | 28,569,814 |
| Administration and other expenses | 22 | 34,162,703 | 27,924,140 |
| Total Expenses | | 276,991,558 | 231,717,371 |
| Profit/(loss) before tax | | 141,498,509 | 141,704,179 |
| Tax Expense: | | | |
| Current tax | | 49,097,000 | 54,485,199 |
| Deferred tax (incl MAT Credit Entitlement) | | (34,907,542) | (183,666,369) |
| | | 14,189,458 | (129,181,170) |
| Profit after tax for the year | | 127,309,051 | 270,885,349 |
| Other Comprehensive Income/ (expense) | 23 | 217,169 | 111,106 |
| i) Not reclassifiable to profit or loss in subsequent periods | | 217,169 | 111,106 |
| Total Comprehensive Income for the year | | 127,526,220 | 270,996,455 |
| Earnings per equity share (Basic and Diluted) | H (9) | 3.08 | 6.55 |
| Face value per equity share | | 10.00 | 10.00 |

As per our report attached

For and on behalf of the Board

For M.K.Dandeker & Co.
Chartered Accountants
(Firm's Registration No.: 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No.: 223754
Place : Chennai
Date : April 21, 2018

U. POOVARASAN
Chief Financial Officer

K.SRINATHAN
Company Secretary
M. No. A12711

R G RAMACHANDRAN
Director
DIN: 02671982
Place : Chennai
Date : April 21, 2018

MATHEW GEORGE
Director
DIN: 07402208

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**A) Equity share capital**

| Particulars | No. of shares | ₹ |
|---------------------------------------|-------------------|--------------------|
| Balance at the beginning of the year | 41,400,000 | 414,000,000 |
| Changes in equity share capital | — | — |
| Balance at the end of the year | 41,400,000 | 414,000,000 |

B) Other Equity

| | General Reserve | Retained earnings | Total |
|---------------------------------------|------------------|----------------------|----------------------|
| Balance at the beginning of the year | 2,029,771 | 1,430,816,004 | 1,432,845,775 |
| Total comprehensive income | — | 127,526,220 | 127,526,220 |
| Balance at the end of the year | 2,029,771 | 1,558,342,224 | 1,560,371,995 |

As per our report attached

For and on behalf of the Board

For M.K.Dandeker & Co.

Chartered Accountants

(Firm's Registration No.: 000679S)

By the hand of

S. POOSAIDURAI

Partner

Membership No.: 223754

Place : Chennai

Date : April 21, 2018

U. POOVARASAN

Chief Financial Officer

K.SRINATHAN

Company Secretary

M. No. A12711

R G RAMACHANDRAN

Director

DIN: 02671982

Place : Chennai

Date : April 21, 2018

MATHEW GEORGE

Director

DIN: 07402208

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

| | 2017-18 ₹ | 2016-17 ₹ |
|---|----------------------|----------------------|
| A Net profit / (loss) before tax and extraordinary items | 141,715,678 | 142,062,086 |
| Adjustment for | | |
| Depreciation and amortisation expense | 36,319,069 | 28,569,814 |
| Interest expense | 71,968,314 | 77,295,032 |
| Interest income | (18,397,792) | (102,880,531) |
| (Profit)/loss on sale of current investments(net) | (95,971,272) | (19,217,764) |
| (Profit)/loss on sale of fixed assets | (129,999) | (12,991) |
| Operating profit before working capital changes | 135,503,998 | 125,815,646 |
| Adjustments for: | | |
| Increase / (Decrease) in provisions | 44,329,347 | 14,006,674 |
| Increase / (Decrease) in trade payables | (20,090,193) | (2,605,324) |
| Increase / (Decrease) in other current liabilities | 512,390 | (1,514,826) |
| Increase / (Decrease) in other financial liabilities | 1,234,897,340 | 3,172,998 |
| (Increase) / Decrease in long term loans and advances | (340,095) | - |
| (Increase) / Decrease in short term loans and advances | 3,050,248 | (7,170,797) |
| (Increase) / Decrease in other current assets | (3,360,966) | 3,143,508 |
| Net cash generated from/(used in) operating activities | 1,394,502,069 | 134,847,879 |
| Direct taxes paid (net of refunds) | (43,178,658) | (32,349,051) |
| Net Cash(used in)/generated from Operating Activities | 1,351,323,411 | 102,498,828 |
| B Cash flow from investing activities | | |
| Purchase of fixed assets | (6,156,327) | (1,451,298) |
| Sale of fixed assets | 156,717 | 13,000 |
| Net (Purchase)/Sale of current investments | 827,266,717 | (1,487,420,447) |
| Advance paid for purchase of shares | (420,000,000) | - |
| Intercompany deposits (placed)/refunded (net) | (729,300,000) | 1,765,000,000 |
| Interest received | 18,397,792 | 107,467,713 |
| Net cash (used in)/generated from investing activities | (289,635,101) | 383,608,968 |
| C Cash flow from financing activities | | |
| Repayment of long term borrowings | (195,240,455) | (187,268,529) |
| Interest paid | (62,778,993) | (76,135,092) |
| Net cash (used in)/generated from financing activities | (258,019,448) | (263,403,621) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 803,668,863 | 222,704,175 |
| Cash and cash equivalents as at the beginning of the year | 229,411,083 | 6,706,908 |
| Cash and cash equivalents as at the end of the year | 1,033,079,946 | 229,411,083 |

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
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

For and on behalf of the Board

For M.K.Dandeker & Co.

Chartered Accountants

(Firm's Registration No.: 000679S)

By the hand of

S. POOSAIDURAI

Partner

Membership No.: 223754

Place : Chennai

Date : April 21, 2018

U. POOVARASAN

Chief Financial Officer

K.SRINATHAN

Company Secretary

M. No. A12711

R G RAMACHANDRAN

Director

DIN: 02671982

Place : Chennai

Date : April 21, 2018

MATHEW GEORGE

Director

DIN: 07402208

NOTES FORMING PART OF ACCOUNTS**1 PROPERTY, PLANT AND EQUIPMENT**

(₹)

| Particulars | Cost | | | | Depreciation | | | | Book Value | |
|------------------------------------|----------------------|------------------|----------------|----------------------|----------------------|----------------|----------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 01, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Owned | | | | | | | | | | |
| Land | 607,315 | – | – | 607,315 | – | – | – | – | 607,315 | 607,315 |
| Building | 873,180 | 3 | – | 873,183 | 51,364 | 25,682 | – | 77,046 | 796,137 | 821,816 |
| Plant and Equipment | 1,747,010 | 4,413,201 | – | 6,160,211 | 1,731,096 | 203,341 | – | 1,934,437 | 4,225,774 | 15,914 |
| Furniture and fixtures | 70,997 | 172,200 | – | 243,197 | 65,240 | 12,668 | – | 77,908 | 165,289 | 5,757 |
| Vehicles | 114,959 | – | 19,783 | 95,176 | 114,957 | – | 19,782 | 95,175 | 1 | 2 |
| Office equipment | 125,367 | 1,965,229 | – | 2,090,596 | 56,191 | 330,826 | – | 387,017 | 1,703,579 | 69,176 |
| Electrical installations | 41,165 | – | – | 41,165 | 41,163 | – | – | 41,163 | 2 | 2 |
| Air conditioning and Refrigeration | 48,306 | 241,500 | – | 289,806 | 338 | 23,479 | – | 23,817 | 265,989 | 47,968 |
| Computers, laptops and printers | 785,452 | 418,111 | 106,952 | 1,096,611 | 363,881 | 222,121 | 80,235 | 505,767 | 590,844 | 421,571 |
| Total | 4,413,751 | 7,210,244 | 126,735 | 11,497,260 | 2,424,230 | 818,117 | 100,017 | 3,142,330 | 8,354,930 | 1,989,521 |
| Previous year | 4,025,753 | 397,381 | 9,383 | 4,413,751 | 2,096,181 | 337,423 | 9,374 | 2,424,230 | 1,989,521 | 1,929,572 |

2 CAPITAL WORK-IN-PROGRESS

| Particulars | Cost | | | |
|--------------------------|----------------------|-----------|-----------------------------|----------------------|
| | As at April 01, 2017 | Additions | Capitalised during the year | As at March 31, 2018 |
| Capital work in progress | 1,053,917 | | 1,053,917 | – |
| Total | 1,053,917 | – | 1,053,917 | – |
| Previous year | | 1,053,917 | | 1,053,917 |

3 INTANGIBLE ASSETS

| Particulars | Cost | | | | Amortisation | | | | Book Value | |
|------------------------|----------------------|-----------|------------|----------------------|----------------------|-------------------|------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 01, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Toll collection rights | 979,689,743 | – | – | 979,689,743 | 271,869,722 | 35,500,952 | – | 307,370,674 | 672,319,069 | 707,820,021 |
| Total | 979,689,743 | – | – | 979,689,743 | 271,869,722 | 35,500,952 | – | 307,370,674 | 672,319,069 | 707,820,021 |
| | 979,689,743 | – | – | 979,689,743 | 243,637,331 | 28,232,391 | – | 271,869,722 | 707,820,021 | 736,052,412 |

4 LOANS

| Particulars | March 31, 2018 | | | March 31, 2017 | | |
|-----------------------------|--------------------|----------------|--------------------|------------------|----------------|------------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| a) Security deposits | | | | | | |
| Unsecured, considered good | – | 683,165 | 683,165 | – | 343,070 | 343,070 |
| b) Loans to related parties | | | | | | |
| Unsecured, considered good | 729,300,000 | – | 729,300,000 | – | – | – |
| c) Receivable from others | 11,369 | – | 11,369 | – | – | – |
| d) Receivable from NHAI | 4,120,549 | – | 4,120,549 | 7,170,797 | – | 7,170,797 |
| | <u>733,431,918</u> | <u>683,165</u> | <u>734,115,083</u> | <u>7,170,797</u> | <u>343,070</u> | <u>7,513,867</u> |

NOTES FORMING PART OF ACCOUNTS (Contd.)**5 OTHER NON-CURRENT AND CURRENT ASSETS**

| Particulars | March 31, 2018 | | | March 31, 2017 | | |
|---|--------------------|------------------|--------------------|----------------|----------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Advances other than capital advances | | | | | | |
| Receivable from NHAI | — | — | — | — | — | — |
| Other receivables | | | | | | |
| Advance paid for purchase of shares | 420,000,000 | — | 420,000,000 | — | — | — |
| Advance recoverable other than in cash | | | | | | |
| Prepaid expenses | 587,203 | — | 587,203 | 357,059 | — | 357,059 |
| Leave encashment plan asset (net of provisions) | 17,875 | — | 17,875 | — | — | — |
| Income tax net of previous year provisions | — | 9,764,966 | 9,764,966 | — | 302,762 | 302,762 |
| | <u>420,605,078</u> | <u>9,764,966</u> | <u>430,370,044</u> | <u>357,059</u> | <u>302,762</u> | <u>659,821</u> |

6 INVESTMENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| | Current | Current |
| | ₹ | ₹ |
| Investments at fair value through Profit and loss | | |
| Investments in mutual funds | 809,661,820 | 1,560,809,295 |
| | <u>809,661,820</u> | <u>1,560,809,295</u> |

7 TRADE RECEIVABLES

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| | Current | Current |
| | ₹ | ₹ |
| Unsecured, doubtful | | |
| From others | | — |
| Debts outstanding for a period exceeding six months | — | 9,447,000 |
| Others | | |
| | — | 9,447,000 |
| Less: Allowance for credit losses | — | (9,447,000) |
| | <u>—</u> | <u>—</u> |

8 CASH AND CASH EQUIVALENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| | Current | Current |
| | ₹ | ₹ |
| a) Balances with banks | 8,126,990 | 27,180,440 |
| b) Cash on hand | 3,387,850 | 2,181,328 |
| c) Fixed deposits with banks including interest accrued thereon | | 200,049,315 |
| More than 3 Mths | 671,357,988 | |
| Less than 3 Mths | 350,207,118 | |
| | <u>1,033,079,946</u> | <u>229,411,083</u> |

Fixed deposit includes an amount of ₹ 66,07,30,565 (including interest accrued) kept as margin money deposit for issuance of bank guarantee in favour of MoRTH in compliance with NITI AAYOG circular for availing 75% of arbitration grant amount which the company won during december 2017.

NOTES FORMING PART OF ACCOUNTS (Contd.)**9 SHARE CAPITAL****(i) Authorised, issued, subscribed and paid up**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| Authorised: | | | | |
| Equity shares of ₹ 10 each | 50,000,000 | 500,000,000 | 50,000,000 | 500,000,000 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹ 10 each | 41,400,000 | 414,000,000 | 41,400,000 | 414,000,000 |

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| At the beginning of the year | 41,400,000 | 414,000,000 | 41,400,000 | 414,000,000 |
| Issued during the year as fully paid | | — | — | — |
| Others | — | — | — | — |
| At the end of the year | 41,400,000 | 414,000,000 | 41,400,000 | 414,000,000 |

(iii) Terms / rights attached to shares

Equity shares

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

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

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

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

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|-------------|----------------------|-------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| L&T Infrastructure Development Projects Limited (including nominee holding) | 30,536,000 | 305,360,000 | 30,536,000 | 305,360,000 |
| Larsen and Toubro Limited (ultimate holding company) | 10,864,000 | 108,640,000 | 10,864,000 | 108,640,000 |
| | 41,400,000 | 414,000,000 | 41,400,000 | 414,000,000 |

(v) Details of Shareholders holding more than 5% shares in the company:

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|--------|----------------------|--------|
| | No. of shares | % | No. of shares | % |
| L&T Infrastructure Development Projects Limited (including nominee holding) | 30,536,000 | 73.76% | 30,536,000 | 73.76% |
| Larsen and Toubro Limited (including nominee holding) | 10,864,000 | 26.24% | 10,864,000 | 26.24% |

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

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

NOTES FORMING PART OF ACCOUNTS (Contd.)**10 OTHER EQUITY AS ON 31.03.2018**

| Particulars | Reserves & Surplus | | Total |
|---|--------------------|----------------------|----------------------|
| | General Reserve | Retained earnings | |
| Balance at the beginning of the reporting period | 2,029,771 | 1,430,816,004 | 1,432,845,775 |
| Total comprehensive income | | 127,526,220 | 127,526,220 |
| Balance at the end of the reporting period | 2,029,771 | 1,558,342,224 | 1,560,371,995 |

11 BORROWINGS

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | |
|--------------------|----------------------|------------------|-------------|----------------------|------------------|-------------|
| | Current ₹ | Non-current ₹ | Total ₹ | Current ₹ | Non-current ₹ | Total ₹ |
| Secured borrowings | | | | | | |
| a) Term loans | | | | | | |
| i) From banks | – | 198,515,435 | 198,515,435 | – | 393,746,604 | 393,746,604 |
| | – | 198,515,435 | 198,515,435 | – | 393,746,604 | 393,746,604 |

Details of long term borrowings

| Particulars | Effective interest rate | Terms of repayment |
|-----------------------|-------------------------------|---|
| Term loans from banks | Base rate + applicable spread | Repayable in 162 monthly instalments from Oct 2006 to March 2020 at specified amounts |

Nature of security for term loans/debentures

- i) Mortgage of title deed of immovable property being flat located at Coimbatore
- ii) Hypothecation of movable properties, assignment of project documents, insurance policies, investments, receivables and general assets

Presentation of Long term borrowings in the Balance Sheet is as follows:

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|---|---------------------------|---------------------------|
| Long term borrowings [Refer note] | 198,515,435 | 393,746,604 |
| Current maturities of long term borrowings [Refer note] | 195,000,000 | 195,000,000 |

12 OTHER FINANCIAL LIABILITIES

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|----------------------|------------------|-------------|----------------------|------------------|-------------|
| | Current ₹ | Non-current ₹ | Total ₹ | Current ₹ | Non-current ₹ | Total ₹ |
| a) Deposits received | – | 1,393,800 | 1,393,800 | | 1,193,800 | 1,193,800 |
| b) Current maturities of long term borrowings | 195,000,000 | – | 195,000,000 | 195,000,000 | – | 195,000,000 |
| c) Other liabilities [refer note H(12)] | 1,237,870,338 | | | 3,172,998 | | 3,172,998 |
| | 1,432,870,338 | 1,393,800 | 196,393,800 | 198,172,998 | 1,193,800 | 199,366,798 |

13 PROVISIONS

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | |
|--|----------------------|------------------|-------------|----------------------|------------------|------------|
| | Current ₹ | Non-current ₹ | Total ₹ | Current ₹ | Non-current ₹ | Total ₹ |
| Provision for employee benefits | 127,833 | | 127,833 | 575,734 | 1,825,752 | 2,401,486 |
| Provisions for major maintenance reserve | 120,292,039 | | 120,292,039 | – | 67,610,582 | 67,610,582 |
| Others | | | – | – | – | – |
| | 120,419,872 | – | 120,419,872 | 575,734 | 69,436,334 | 70,012,068 |

NOTES FORMING PART OF ACCOUNTS (Contd.)**14 OTHER CURRENT LIABILITIES**

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | |
|------------------------|----------------------|------------------|------------------|----------------------|------------------|----------------|
| | Current ₹ | Non-current ₹ | Total ₹ | Current ₹ | Non-current ₹ | Total ₹ |
| ii) Statutory payables | 1,210,997 | – | 1,210,997 | 550,637 | – | 550,637 |
| | <u>1,210,997</u> | <u>–</u> | <u>1,210,997</u> | <u>550,637</u> | <u>–</u> | <u>550,637</u> |

15 TRADE PAYABLES

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|------------------------|---------------------------|---------------------------|
| | | |
| Due to related parties | 7,956,586 | 668,428 |
| Due to others | 826,756 | 28,205,106 |
| | <u>8,783,342</u> | <u>28,873,534</u> |

16 CURRENT TAX LIABILITIES (NET)

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|---|---------------------------|---------------------------|
| | | |
| Liabilities for current tax (net) | – | 30,943,612 |
| Less: Tax Deducted at Source / Advance tax paid | – | (27,858,336) |
| Income tax net of previous year provisions | – | – |
| | <u>–</u> | <u>3,085,276</u> |

F CONTINGENT LIABILITIES

The company has not provided in books of account an amount of ₹ 2,14,93,958, which is in the contingent nature, towards Interest on the amount of Arbitration award amount received up to 31st March 2018. The above referred amount is net of interest income earned on Fixed Deposit placed and lien marked with Bank for issuance of Bank Guarantee in favor of MoRTH for releasing Arbitration award as per Niti Aayog.

G CAPITAL COMMITMENTS

Capital commitments as at March 31, 2018 ₹ NIL (previous year: ₹ 2,41,500)

17 REVENUE FROM OPERATIONS

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|---|--------------------|--------------------|
| | | |
| Operating revenue: | | |
| Toll Collections | 301,007,147 | 249,601,829 |
| Other operating revenue: | | |
| License fee from wayside amenities & others | 2,858,696 | 1,212,566 |
| | <u>303,865,843</u> | <u>250,814,395</u> |

18 OTHER INCOME

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|---|--------------------|--------------------|
| | | |
| Interest income from: | | |
| Bank deposits | 18,061,507 | 1,012,389 |
| Inter-corporate deposits | 336,285 | 101,868,142 |
| | <u>18,397,792</u> | <u>102,880,531</u> |
| Net gain / (Loss) on sale of current investment and FVTPL | 95,971,272 | 19,217,764 |
| Profit/(loss) on disposal of fixed assets | 129,999 | 12,991 |
| Miscellaneous income | 125,161 | 495,869 |
| | <u>114,624,224</u> | <u>122,607,155</u> |

NOTES FORMING PART OF ACCOUNTS (Contd.)**19 OPERATING EXPENSES**

| Particulars | 2017-18 | | 2016-17 | |
|--|------------|-------------|------------|-------------|
| | ₹ | ₹ | ₹ | ₹ |
| Toll Management fees | | 38,290,269 | | 34,029,304 |
| Security services | | 23,454,374 | | 16,500,419 |
| Insurance | | 772,356 | | 807,120 |
| Repairs and maintenance | | | | |
| Toll road & bridge | 8,552,747 | | 17,243,360 | |
| Plant and machinery | 1,990,223 | | 2,698,905 | |
| Periodic major maintenance | 46,603,000 | | 16,100,000 | |
| Others | 1,099,008 | | 1,458,622 | |
| | | 58,244,978 | | 37,500,887 |
| Power and fuel | | 2,090,811 | | 1,878,521 |
| Claim for reimbursement of expenses (refer note H(16)) | | — | | (4,069,219) |
| | | 122,852,788 | | 86,647,032 |

20 EMPLOYEE BENEFIT EXPENSES

| Particulars | 2017-18 | | 2016-17 | |
|--------------------------------------|---------|------------|-----------|------------|
| | ₹ | ₹ | ₹ | ₹ |
| Salaries, wages and bonus | | 9,363,808 | | 8,979,211 |
| Contributions to and provisions for: | | | | |
| Provident fund | 539,748 | | 585,767 | |
| Gratuity | 486,389 | | 346,809 | |
| Compensated absences | 3,433 | | 92,302 | |
| Retention pay | — | | (145,661) | |
| Others | 32,496 | | 35,074 | |
| | | 1,062,066 | | 914,291 |
| Staff welfare expenses | | 1,262,810 | | 1,199,851 |
| | | 11,688,684 | | 11,093,353 |

21 FINANCE COSTS

| Particulars | 2017-18 | | 2016-17 | |
|---|---------|------------|---------|-------------|
| | ₹ | ₹ | ₹ | ₹ |
| Interest on borrowings | | 52,591,387 | | 73,374,532 |
| Other borrowing cost (specify nature) | | 343,562 | | 225,957 |
| Bank guarantee charges | | 9,844,044 | | 2,722,603 |
| Unwinding of discount and implicit interest expense on fair value | | 6,087,743 | | 4,261,518 |
| Claim for reimbursement of expenses | | 3,101,578 | | (3,101,578) |
| | | 71,968,314 | | 77,483,032 |

22 ADMINISTRATION AND OTHER EXPENSES

| Particulars | 2017-18 | | 2016-17 | |
|---|---------|------------|---------|------------|
| | ₹ | ₹ | ₹ | ₹ |
| Rent, Rates and taxes | | 17,152 | | 13,189 |
| Professional fees (Refer note (a) below) | | 26,795,355 | | 19,970,647 |
| Postage and communication | | 380,782 | | 227,513 |
| Printing and stationery | | 535,078 | | 407,701 |
| Travelling and conveyance | | 1,143,547 | | 977,617 |
| Corporate social responsibility expenses (Refer note (b) below) | | 2,813,172 | | 4,705,110 |
| Repairs and Maintenance - Others | | 894,793 | | 171,136 |
| Miscellaneous expenses | | 1,582,824 | | 1,451,227 |
| | | 34,162,703 | | 27,924,140 |

NOTES FORMING PART OF ACCOUNTS (Contd.)**(a) Professional fees includes Auditors remuneration (including GST) as follows:**

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|------------------------------|------------------|----------------|
| a) As auditor | 489,060 | 364,550 |
| b) For taxation matters | | 103,500 |
| c) For company law matters | — | — |
| d) For other services | 502,663 | 69,000 |
| e) Reimbursement of expenses | 183,564 | |
| Total | 1,175,287 | 537,050 |

(b) Details of Corporate social responsibility expenditure

- (i) The amount required to be spent by the company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 31,20,322 (previous year ₹ 49,86,659)
- (ii) The details of amount recognized as expense in the Statement of Profit or Loss under Note 22 above on CSR related activities is follows:

| Particulars | ₹ Paid in cash | ₹ Not paid in cash | ₹ Total |
|---|-------------------|-----------------------|------------------|
| Amount spent during the year ending on 31st March, 2018: | | | |
| i) Construction/acquisition of any asset | — | — | — |
| ii) On purposes other than (i) above | 2,813,172 | | 2,813,172 |
| | <u>2,813,172</u> | <u>—</u> | <u>2,813,172</u> |
| Amount spent during the year ending on 31st March, 2017: | | | |
| i) Construction/acquisition of any asset | — | — | — |
| ii) On purposes other than (i) above | 4,271,319 | 433,791 | 4,705,110 |
| | <u>4,271,319</u> | <u>433,791</u> | <u>4,705,110</u> |

23 OTHER COMPREHENSIVE INCOME/(EXPENSE)

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|--|----------------|----------------|
| Reclassifiable to profit or loss in subsequent periods | | — |
| Not reclassifiable to profit or loss in subsequent periods | | — |
| Re-estimation of provision for defined benefit plan | 217,169 | 169,907 |
| Less: Tax on the adjustment | | (58,801) |
| | <u>217,169</u> | <u>111,106</u> |
| | <u>217,169</u> | <u>111,106</u> |

H NOTES FORMING PART OF ACCOUNTS**1 Corporate Information**

L&T Transportation Infrastructure Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District in the state of Tamil Nadu, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 3rd October 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The Company had completed construction of the Athupalam bridge on December 11, 1998 and the bypass on January 18, 2000. The concession period is 21 years for Athupalam bridge and 32 years for the bypass including the construction period.

- 2 The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

3 Disclosure pursuant to Ind AS 19 “Employee benefits”:**(i) Defined contribution plan:**

An amount of ₹ 5,39,748 (previous year : ₹5,85,767) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 20) in the Statement of Profit and loss.

NOTES FORMING PART OF ACCOUNTS (Contd.)**(ii) Defined benefit plans: Gratuity Plan****a) Characteristics of its defined benefit plans and risks associated with them**

| | | |
|-----|---------------------|--|
| i | Benefits offered | 15/ 26 × Salary × Duration of Service |
| ii | Salary definition | Basic Salary including Dearness Allowance (if any) |
| iii | Benefit ceiling | Benefit ceiling of ₹ 10,00,000 was applied |
| iv | Vesting conditions | 5years of continuous service(Not applicable in case of death/disability) |
| v | Benefit eligibility | Upon Death or Resignation / Withdrawal or Retirement |
| vi | Retirement age | 58 Years |

b) The amounts recognised in Balance Sheet are as follows: 15 Trade payables

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|---|------------------------------|------------------------------|
| A) Present value of defined benefit obligation | | |
| – Wholly funded | 2,168,553 | 2,453,452 |
| – Wholly unfunded | – | – |
| | 2,168,553 | 2,453,452 |
| Less : Fair value of plan assets | 2,097,696 | 2,120,675 |
| Amount to be recognised as liability or (asset) | 70,857 | 332,777 |
| B) Amounts reflected in the Balance Sheet | | |
| Liabilities | 70,857 | 332,777 |
| Assets | – | – |
| Net Liability / (asset) | 70,857 | 332,777 |

c) The amounts recognised in the Statement of Profit and loss are as follows:

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|--|------------------------------|------------------------------|
| 1 Current service cost | 192,270 | 181,438 |
| 2 Interest on Defined benefit obligation | 16,447 | 165,371 |
| | 208,717 | 346,809 |

d) Remeasurement recognized in other comprehensive income

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|---|------------------------------|------------------------------|
| Components of actuarial gain/losses on obligations | | |
| Due to change in financial assumptions | (53,602) | 138,642 |
| Due to change in demographic assumption | – | – |
| Due to experience adjustments | (156,197) | (249,563) |
| Return on plan assets excluding amounts included in interest income | (7,370) | (58,986) |
| | (217,169) | (169,907) |

NOTES FORMING PART OF ACCOUNTS (Contd.)

- e) **The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|--|------------------------------|------------------------------|
| Opening defined benefit obligation | 2,453,452 | 2,224,532 |
| Current service cost | 192,270 | 181,438 |
| Interest cost | 162,808 | 158,403 |
| Actuarial losses/(gains) | | |
| Due to change in financial assumptions | (53,602) | 138,642 |
| Due to change in demographic assumption | — | — |
| Due to experience adjustments | (156,197) | (249,563) |
| Benefits paid | (430,178) | — |
| Closing balance of the present value of defined benefit obligation | 2,168,553 | 2,453,452 |

- f) **The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:**

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|--|------------------------------|------------------------------|
| Opening balance of fair value of plan assets | 2,120,675 | — |
| Interest Income | 146,361 | (6,968) |
| Return on plan assets excluding amounts included interest income | 7,370 | 58,986 |
| Contribution by employer | 253,468 | 2,068,657 |
| Contribution by plan participants | — | — |
| Benefits paid | (430,178) | — |
| Closing balance of fair value of plan assets | 2,097,696 | 2,120,675 |

- g) **Principal actuarial assumptions at the Balance Sheet date:**

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|-----------------------|------------------------------|------------------------------|
| 1) Discount rate | 7.30% | 6.95% |
| 2) Salary growth rate | 6.00% | 6.00% |
| 3) Attrition rate | 3% to 15% based on age band | 3% to 15% based on age band |

- h) **A quantitative sensitivity analysis for significant assumption as at 31 March 2018**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|------------------------|-------------------------|------------|-------------------------|------------|
| | Change | Obligation | Change | Obligation |
| i) Discount rate | +0.5% | 2,095,511 | +0.5% | 2,365,298 |
| | -0.5% | 2,245,781 | -0.5% | 2,546,942 |
| ii) Salary growth rate | +0.5% | 2,246,377 | +0.5% | 2,547,348 |
| | -0.5% | 2,094,297 | -0.5% | 2,364,121 |

- i) **The major categories of plan assets of the fair value of the total plan assets are as follows :**

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|------------------------|------------------------------|------------------------------|
| Managed by the insurer | 2,097,696 | 2,120,675 |
| Total | 2,097,696 | 2,120,675 |

NOTES FORMING PART OF ACCOUNTS (Contd.)**4 Disclosure pursuant to Ind AS 23 “Borrowing Costs”**

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

H(5) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on Design, Build, Finance, Operate and Transfer (DBFOT) basis, which is the Company's only reporting segment. Further, the entire operations of the Company are only in India. Hence, disclosure of secondary / geographical segment information does not arise.

H(6) Disclosure of related parties / related party transactions pursuant to Accounting Standard (AS) 18 “Related Party Disclosures”**a) List of related parties**

| | |
|----------------------------|---|
| Holding Company : | L&T Infrastructure Development Projects Limited |
| Ultimate Holding Company : | Larsen & Toubro Limited |
| Fellow Subsidiaries : | Krishnagiri Walajahpet Tollway Limited |
| | BPP Tollway Limited |
| | L&T Chennai – Tada Tollway Limited |
| | Vadodara Bharuch Tollway Limited |
| | L&T Samakhiali Gandhidham Tollway Ltd |
| | L&T Deccan Tollways Limited |
| Key Managerial Personnel : | Sathish Kumar K.V (Upto 28th February 2018) - Manager |

b) Disclosure of related party transactions:

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|--|--------------|---------------|
| Holding Company | | |
| L&T Infrastructure Development Projects Limited | | |
| • Intercompany deposits placed | – | 1,750,000,000 |
| • Intercompany deposits refunded | – | 1,750,000,000 |
| • Interest received on Intercompany deposit | – | 100,791,101 |
| • Purchase of goods and services | 17,740,938 | 15,356,117 |
| • Refundable deposit received for directors' nomination | – | 100,000 |
| • Refundable deposit refunded for directors' nomination | – | 100,000 |
| • Reimbursement of expenses to | 9,786,544 | 2,722,603 |
| • Reimbursement of expenses from | 189,017 | – |
| • Advance Paid for Purchase of Shares | 420,000,000 | – |
| Ultimate Holding Company | | |
| Larsen & Toubro Limited | | |
| • Purchase of goods and services | 1,309,623 | 1,242,601 |
| • Reimbursement of expenses to | 739,304 | 644,134 |
| Fellow Subsidiaries | | |
| L&T Krishnagiri Walajahpet Tollway Limited | | |
| • Intercompany deposits placed/(refunded) | – | (15,000,000) |
| • Interest received on Intercompany deposit | – | 1,077,041 |
| L&T Devihalli Hassan Tollway Ltd | | |
| • Purchase of assets | 3 | – |
| L&T Chennai – Tada Tollway Limited | | |
| • Purchase of Asset | – | 8,968 |

NOTES FORMING PART OF ACCOUNTS (Contd.)

| Particulars | 2017-18 ₹ | 2016-17 ₹ |
|--|---------------|--------------|
| L&T Samakhiali Gandhidham Tollway Ltd | | |
| • Unsecured Loan | 149,300,000 | — |
| • Purchase of Asset | — | 1 |
| L&T Deccan Tollways Limited | | |
| • Reimbursement of expenses to | — | 35,500 |
| • Unsecured Loan given | 1,235,000,000 | — |
| • Unsecured Loan received back | (655,000,000) | |
| Key management personnel | | |
| Payment of Salaries / Perquisites | | |
| • Sathish Kumar K.V | 1,429,227 | 1,342,740 |

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

(Amount in ₹)

| Particulars | Amounts due (to)/from | |
|---|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Holding Company | | |
| L&T Infrastructure Development Projects Limited | 412,735,398 | (227,314) |
| Ultimate Holding Company | | |
| Larsen & Toubro Limited | (683,016) | (441,074) |
| Fellow Subsidiaries | | — |
| L&T Chennai Tada Tollways Limited | (8,968) | (8,968) |
| L&T Samakhiaki Gandhidam Tollway LTD | 149,300,000 | — |
| L&T Deccan Tollways Limited | 580,000,000 | — |

d) No amounts pertaining to related parties have been written off or written back during the year.

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

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

8 Disclosure pursuant to Ind AS 12 - “Income taxes”

The major components of income tax expense for years ended 31 March 2018 and 31 March 2017 are :

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|--|------------------------------|------------------------------|
| Current income Tax : | | |
| Current income tax charge | 49,097,000 | 54,544,000 |
| Adjustments of current tax of previous year | — | — |
| Deferred Tax | | |
| Relating to origination and reversal of temporary differences | 2,147,043 | (15,826,246) |
| Relating to rate change or imposition of new taxes | — | (29,440,123) |
| MAT Credit entitlement | (37,054,585) | (138,400,000) |
| Income tax reported in the statement of profit and loss | 14,189,458 | (129,122,369) |

NOTES FORMING PART OF ACCOUNTS (Contd.)**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:**

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|---|------------------------------|------------------------------|
| Accounting profit before tax from continuing operations | 141,498,509 | 141,704,179 |
| At India's Statutory income tax rate of 34.608% (31 March 2016 – 34.608%) | 40,808,170 | 49,040,982 |
| Change in profits on account of translational adjustments | – | – |
| Deductions under chapter VI of Income Tax Act | – | – |
| MAT credit entitlement | (37,054,585) | – |
| Adjustments towards temporary differences | 2,147,043 | – |
| Other non deductible expenses | 8,288,830 | 550,301,405 |
| Tax as per Statement of Profit and Loss | 14,189,458 | 54,544,000 |

Deferred Tax

Major components of Deferred tax liabilities and assets

| Particulars | As at March 31, 2018 ₹ | As at March 31, 2017 ₹ |
|--|------------------------------|------------------------------|
| Property, plant and equipment | (140,313,648) | (145,938,013) |
| Provisions – Major maintenance | (31,136) | (1,784,163) |
| Investments at fair value through profit or loss | (6,013,677) | (267,249) |
| Borrowings | (2,307) | (4,985) |
| Provisions – employee benefits | – | 526,547 |
| Provision for doubtful trade receivables | – | (3,269,418) |
| MAT Credit Entitlement | 196,010,375 | 177,421,612 |
| Net Deferred Tax Assets/ (Liabilities) | 49,649,607 | 26,684,332 |

9 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 | | 2017-18 ₹ | 2016-17 ₹ |
|---|-------|--------------|--------------|
| Basic and Diluted | | | |
| Profit after tax as per accounts (₹) | A | 127,309,051 | 270,885,349 |
| Weighted average number of shares outstanding | B | 41,400,000 | 41,400,000 |
| Basic and Diluted EPS (₹) | A / B | 3.08 | 6.54 |
| Face value per equity share (₹) | | 10.00 | 10.00 |

10 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.

11 Disclosures as per Ind AS 37 - “Provisions, Contingent Liabilities and Contingent assets”**a) Nature of provisions:**

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (MoRTH) 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, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

The company expects to incur the expenditure during the year 2018-19.

NOTES FORMING PART OF ACCOUNTS (Contd.)**b) Movement in provisions:**

| Particulars | Major maintenance provision | |
|--|-----------------------------|-------------------|
| | 2017-18 | 2016-17 |
| | ₹ | ₹ |
| Opening balance | 67,610,582 | 47,261,503 |
| Additional provision | 46,603,000 | 16,100,000 |
| Unwinding of discount and changes in discount rate | 6,078,457 | 4,249,079 |
| Total (Closing balance) | 120,292,039 | 67,610,582 |

c) Contingent liabilities :

The company has not provided in books of account an amount of ₹ 2,14,93,958, which is in the contingent nature, towards Interest on the amount of Arbitration award amount received up to 31st March 2018. The above referred amount is net of interest income carried on Fixed Deposit placed and lien marked with Bank for issuance of Bank Guarantee in favor of MoRTH for releasing Arbitration award as per Niti Aayog.

d) Contingent assets :**Arbitration with MoRTH**

During the year 2009-10, the Company had received a termination notice from the Ministry of Road Transport and Highways, Government of India, (MoRTH). The Company moved the honourable High Court, New Delhi, against the notice served and the court vide its order dated January 21, 2010, directed that status-quo be maintained till the Steering Group constituted under the Concession Agreement decides on the dispute.

Subsequent to the Steering Group's meeting, the Company invoked arbitration and pending arbitration filed a petition with the High Court of Delhi, seeking interim injunction and restraining MoRTH, from taking possession of the Project and to permit the Company to collect Toll. The High Court in its order dated March 26, 2010, restrained MoRTH from taking over the possession of the project except through the due process of courts and law thereby allowing the Company to continue to collect Toll.

Arbitral Tribunal has been constituted as per the terms of the Concession Agreement. Pleadings and arguments by both parties concluded on November 30, 2013 following which written submissions have been filed with the Arbitral Tribunal. Arbitral Tribunal has pronounced the Award on December 12, 2014 in favour of the Company stating that the termination of Concession by MoRTH is illegal, unwarranted and violative of stipulations in the Concession Agreement. The Tribunal also awarded, inter alia, compensation to be paid to the Company for loss of revenue at Athupalam Bridge and suitable extension of the concession period.

MoRTH has challenged the award on March 12, 2015 seeking stay of the aforesaid Tribunal award and the case has been moved to Commercial Appellate Court of the Delhi High Court during the year. The matter was heard and was transferred to the division of Court set up for hearing cases filed under section 34 of the Arbitration and Conciliation Act 1996. The case was due for hearing on February 21, 2017 and was adjourned till May 18, 2017.

The matter was further adjourned thrice and is now posted for hearing on July 10, 2018.

Meanwhile pursuant to the decisions taken by the Cabinet Committee on Economic Affairs (CCEA) for the revival of construction sector, the NITI Aayog had issued OM No 14070/14/2016 PPPAU dated 5th September 2016 titled "Measures to revive the Construction Sector" which requires the work executing agencies to pay an amount equal to 75% of the total pay-out in cases where the Arbitral Awards are passed in favour of the Concessionaire against a bank guarantee without prejudice to the rights and stand of the Agency and subject to the final order of the court in the matter under challenge. In case the legal challenge is settled in favour of the Agency, it would be entitled to recover the said amount along with interest. Accordingly a sum of ₹ 117.28 crores has been received from GOI towards 75% of the arbitral award against a bank guarantee provided by the Company.

MoRTH has approved the Fee revision on 08th Jan 2018 and the same has been implemented from 22nd Jan 2018.

The company had collected an amount of ₹2,68,29,005/- between 22nd Jan 2018 to 31st Mar 2018 towards the difference between the pre-revised fee and Post revised fee from the Toll Users and included in Other Current Liabilities. This amount would be refunded to MoRTH in the event that the case referred in the point no.10(d) is favorable to them. In the event, the Company wins the referred case, the same would be offered to Statement of Profit and Loss Account.

Amount net of TDS along with the additional toll revenue collected is presented as other liabilities under other financial liabilities.

12 Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparative amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

13 Disclosure pursuant to Ind AS 17 - "Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 "Leases" are not applicable.

NOTES FORMING PART OF ACCOUNTS (Contd.)

- 14 Claim for reimbursement of expenses in previous year represents the amount of claim raised with NHAI vide Clause 16.6.3 of the Concession agreement with MoRTH for reimbursement of the expenses incurred during the suspension of tolling, on account of demonetization of currencies, during the period 9th Nov 2016 to 2nd Dec 2016. The claim has been placed in accordance with the Ministry directive dated 29 Nov 2016 for reimbursement of expenses incurred during the suspension period. Claim with respect of interest on loan amounting to ₹ 31,01,578 has been withdrawn by company.

15 Financial Instruments

Disclosure of Financial Instruments by Category

| Financial instruments by categories | Note no. | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|----------|-----------------------|----------|----------------------|----------------------|----------|--------------------|
| | | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost |
| Financial asset | | | | | | | |
| Security Deposits | 5 | – | – | 683,165 | – | – | 343,070 |
| Investments | 6 | 809,661,820 | – | – | 1,560,809,295 | – | – |
| Trade receivables | 7 | – | – | – | – | – | – |
| Cash and cash equivalents | 8 | – | – | 1,033,079,946 | – | – | 229,411,083 |
| Other Current Financial Asset | 4 | – | – | 11,369 | – | – | – |
| Receivable from NHAI | 4 | – | – | 4,120,549 | – | – | 7,170,797 |
| Unsecured loan to related parties | 4 | – | – | 729,300,000 | – | – | – |
| Total Financial Asset | | 809,661,820.00 | – | 1,767,195,029 | 1,560,809,295 | – | 229,754,153 |
| Financial liability | | | | | | | |
| Term Loan from Banks | 11 | – | – | 198,515,435 | – | – | 393,746,604 |
| Revenue Share Payable to GSRDC (Including Interest) | 12 | – | – | – | – | – | – |
| Other Current Financial Liabilities | 12 | – | – | 1,432,870,338 | – | – | 198,172,998 |
| Other non Current Financial Liabilities | 12 | – | – | 1,393,800 | – | – | – |
| Trade Payables | 15 | – | – | 8,783,342 | – | – | 28,873,534 |
| Total Financial Liabilities | | – | – | 1,641,562,915 | – | – | 620,793,136 |

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.

16 Fair value of Financial asset and liabilities at amortized cost

| Particular | Note no. | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------|----------------------|----------------------|----------------------|--------------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | | | | | |
| Security Deposits | 5 | 683,165 | 683,165 | 343,070 | 343,070 |
| Cash and cash equivalents | 8 | 1,033,079,946 | 1,033,079,946 | 229,411,083 | 229,411,083 |
| Other Current Financial Asset | 4 | 11,369 | 11,369 | – | – |
| Receivable from NHAI | 4 | 4,120,549 | 4,120,549 | 7,170,797 | 7,170,797 |
| Unsecured loan to related parties | 4 | 729,300,000 | 729,300,000 | – | – |
| Total Financial Assets | | 1,767,195,029 | 1,767,195,029 | 236,924,950 | 236,924,950 |
| Financial liability | | | | | |
| Term Loan from Banks | 11 | 198,515,435 | 198,515,435 | 393,746,604 | 393,746,604 |
| Other Current Financial Liabilities | 12 | 1,432,870,338 | 1,432,870,338 | 198,172,998 | 198,172,998 |
| Other non Current Financial Liabilities | 12 | 1,393,800 | 1,393,800 | – | – |
| Trade Payables | 15 | 8,783,342 | 8,783,342 | 28,873,534 | 28,873,534 |
| Total Financial Liabilities | | 1,641,562,915 | 1,641,562,915 | 620,793,136 | 620,793,136 |

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.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

NOTES FORMING PART OF ACCOUNTS (Contd.)**17 Fair Value Measurement**

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2018

| Financial Asset & Liabilities Measured at FV – Recurring FVM | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|--------------------|----------------------|--------------------|----------------------|
| Financial asset measured at FVTPL | | | | | |
| Investments in Mutual Funds | 6 | 809,661,820 | – | – | 809,661,820 |
| Total of Financial Assets | | 809,661,820 | – | – | 809,661,820 |
| Financial Liabilities measured at FVTPL | | | | | |
| Total of Financial Liabilities | | – | – | – | – |
| Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed | | | | | |
| Financial Assets | | | | | |
| Security Deposits | 5 | – | – | 683,165 | 683,165 |
| Other Current Financial Asset | 4 | | | 11,369 | 11,369 |
| Receivable from NHAI | 4 | | | 4,120,549 | 4,120,549 |
| Unsecured loan to related parties | | | | 729,300,000 | 729,300,000 |
| Total of Financial Assets | | – | – | 734,115,083 | 734,115,083 |
| Financial Liabilities | | | | | |
| Term Loan from Banks | 11 | – | 198,515,435 | – | 198,515,435 |
| Other Current Financial Liabilities | 12 | – | 1,432,870,338 | – | 1,432,870,338 |
| Other Non Current Financial Liabilities | 12 | | 1,393,800 | | 1,393,800 |
| Total Financial liabilities | | – | 1,632,779,573 | – | 1,632,779,573 |

As at March 31, 2017

| Financial Asset & Liabilities Measured at FV – Recurring FVM | Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|----------------------|--------------------|------------------|----------------------|
| Financial asset measured at FVTPL | | | | | |
| Investments in Mutual Funds | 6 | 1,560,809,295 | – | – | 1,560,809,295 |
| Total of Financial Assets | | 1,560,809,295 | – | – | 1,560,809,295 |
| Financial Liabilities measured at FVTPL | | | | | |
| Total of Financial Liabilities | | – | – | – | – |
| Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed | | | | | |
| Financial Assets | | | | | |
| Security Deposits | 5 | – | – | 343,070 | 343,070 |
| Receivable from NHAI | 4 | | | 7,170,797 | 7,170,797 |
| Total Financial Assets | | – | – | 7,513,867 | 7,513,867 |
| Financial Liabilities | | | | | |
| Term Loan from Banks | 11 | – | 393,746,604 | – | 393,746,604 |
| Other Current Financial Liabilities | 12 | – | 198,172,998 | – | 198,172,998 |
| Total Financial Liabilities | | – | 591,919,602 | – | 591,919,602 |

NOTES FORMING PART OF ACCOUNTS (Contd.)

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 | Effective rate of borrowing |
| Other Current Financial Liabilities | Income | Effective rate of borrowing |

18 Asset pledged as security

| Particulars | Note no. | 31.03.2018 ₹ | 31.03.2017 ₹ |
|-----------------------------|----------|----------------------|----------------------|
| Non Financial Asset | | | |
| Property, Plant & Equipment | 1 | 8,354,930 | 1,989,521 |
| Capital work-in-progress | 2 | – | 1,053,917 |
| Financial Asset | | | |
| Investments | 6 | 809,661,820 | 1,560,809,295 |
| Cash and bank balances | 8 | 1,033,079,946 | 229,411,083 |
| Other Financial Asset | 4 | 733,431,918 | 7,170,797 |
| TOTAL | | 2,584,528,614 | 1,800,434,613 |

19 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. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) 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.

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 or no material payables 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, which is an inherent business risk.

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

| Particulars | 31.03.2018 ₹ | 31.03.2017 ₹ |
|---|-----------------|-----------------|
| Senior Debt from Banks - Variable rate borrowings | 393,515,435 | 588,746,604 |

NOTES FORMING PART OF ACCOUNTS (Contd.)**Sensitivity analysis based on average outstanding Senior Debt**

| Interest Rate Risk Analysis | Impact on profit/ loss after tax | |
|--|----------------------------------|------------|
| | FY 2017-18 | FY 2016-17 |
| Increase or decrease in interest rate by 25 basis points | 1,227,828 | 1,705,937 |

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. | 31.03.2018 ₹ | 31.03.2017 ₹ |
|-----------------------------|----------|-----------------|-----------------|
| Investments in Mutual Funds | 6 | 809,661,820 | 1,560,809,295 |

Sensitivity Analysis

| Interest Rate Risk Analysis | Impact on profit/ loss after tax | |
|-----------------------------------|----------------------------------|------------|
| | 31.03.2018 | 31.03.2017 |
| Increase or decrease in NAV by 1% | 8,096,618 | 15,608,093 |

Note - In case of decrease in NAV profit will reduce and vice versa.

B) 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.

The following are the contractual maturities of financial liabilities.

| As at March 31, 2018 | Carrying Amount | upto 1 year | 1 - 2 years | 2 - 5 years | > 5 years |
|---------------------------------------|-----------------|-------------|-------------|-------------|------------|
| Non Derivative Financial Liability | | | | | |
| Senior Debt from Banks | 393,515,435 | 195,000,000 | 195,000,000 | 3,515,435 | – |
| Trade Payables | 8,783,342 | 8,783,342 | | | |
| Derivative Financial Liability | NIL | NIL | NIL | NIL | NIL |

| As at March 31, 2017 | Carrying Amount | upto 1 year | 1 - 2 years | 2 - 5 years | > 5 years |
|------------------------------------|-----------------|-------------|-------------|-------------|-----------|
| Non Derivative Financial Liability | | | | | |
| Senior Debt from Banks | 588,746,604 | 195,000,000 | 195,000,000 | 198,746,604 | – |
| Trade Payables | 28,873,534 | 28,873,534 | | | |
| Derivative Financial Liability | NIL | NIL | NIL | NIL | NIL |

C) 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. Hence, the management believes that the company is not exposed to any credit risk.

NOTES FORMING PART OF ACCOUNTS (Contd.)

20 Disclosure pursuant to Appendix - A to Ind AS 11 - “ Service Concession Arrangements”

20.1 Description and classification of the arrangement

L&T Transportation Infrastructure Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District in the state of Tamil Nadu, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 3rd October 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The Company had completed construction of the Athupalam bridge on December 11, 1998 and the bypass on January 18, 2000. The concession period is 21 years for Athupalam bridge and 32 years for the bypass including the construction period. As per the CA, the company is entitled to charge users of the usage of the road asset, hence the service arrangement has been classified as Intangible Asset.

20.2 Significant Terms of the arrangements

i) Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Clause 1.2.1 of Section II of the Concession Agreement (CA) dated October 03, 1997

ii) Rights of the Company for use Project Highway

- a. To demand, collect and appropriate, Fee from vehicles and persons 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.
- b. Right of Way, access and licence to the site.

iii) Obligation of the Company

- a. The company 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 is under obligation to carry out the routine and periodic maintenance of Project Highway as per Clause 7.5.5 of Section I of the CA

iv) Details of any assets to be given or taken at the end of concession period

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

CA can be terminated on account of default of the company or MoRTH in the circumstances as specified under Clause 16 of Section I of the CA.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

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.

These financial statements are the first financial statements of the Company under IndAS.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

| Items | Measurement basis |
|--|---|
| Certain financial assets and liabilities | Fair value |
| Net defined benefit (asset)/liability | Fair value of plan assets less present value of defined benefit obligations |
| Assets held for sale | fair value less costs to sell |

(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.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

- a) Toll collection from users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is recognised in the period of collection of toll / user fee which coincides with the usage of the infrastructure facility net of revenue share payable to NHAI / state authorities. Income from sale of smart cards is recognised on cash basis.
- b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.
- c) License fees for way-side amenities are accounted on accrual basis.
- d) Fair value gains on current investments carried at fair value are included in Other income.
- e) Dividend income is recognised when the right to receive the same is established by the reporting date.
- f) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

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)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as "Property, Plant and equipment" and is depreciated over the period of lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions. For the assets that are transferred / sold within the group companies, depreciation is calculated up to the month preceding the month of transfer / sale within the group.

The estimated useful lives of the assets are as follows:

| Category of Property, plant and equipment | Estimated useful life (in years) |
|--|----------------------------------|
| Buildings including ownership flats | 50 |
| Plant and equipment: | |
| Toll equipment | 7 |
| DG Sets | 12 |
| Air-conditioning and refrigeration equipment | 12 |
| Split AC and Window AC | 4 |
| Furniture and fixtures | 10 |
| 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 |

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| Category of Property, plant and equipment | Estimated useful life (in years) |
|--|----------------------------------|
| 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 |

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

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

Assets valued below ₹ 5,000/- are written off in the year of purchase / capitalisation.

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. 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 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) 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 Highways Authority of India ("NHA")/State authorities, 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.

Unconditional right to receive cash obtained in consideration for rendering construction services, represent the right to receive specified annuity amounts from the MoRTH during the concession period in respect of Build-Operate-Transfer ("BOT") projects undertaken by the Group. Such unconditional right to receive cash is capitalised as financial assets upon initial recognition at the cumulative construction costs plus obligation towards negative grants and additional concession fee payable to MoRTH/State authorities, 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 MoRTH State authorities 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

10 Foreign currency transactions and translations

- a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- b) Financial statements of overseas non-integral operations are translated as under :
 - i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted.
 - ii) Revenues and expenses at yearly average rates prevailing during the year.
- c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:
 - (a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

11 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

12 Employee benefits

Employee benefits include provident fund, superannuation 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 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 superannuation scheme and 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. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

13 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. 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.

14 Segment reporting

The Group 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 executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108) read with SEBI's circular dated 05 July 2016. 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.

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'.

15 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.
- (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.

16 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

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 and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

18 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."

19 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 recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

20 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- 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.

A financial asset is primarily derecognised when:

- i. the rights to receive cash flows from the asset have expired, or
- ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a) the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities at 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 liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

21 Insurance claims

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.

22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

23 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.

24 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.

As per our report attached

For and on behalf of the Board

For M.K.Dandeker & Co.

Chartered Accountants

(Firm's Registration No.: 000679S)

By the hand of

S. POOSAIDURAI

Partner

Membership No.: 223754

Place : Chennai

Date : April 21, 2018

U. POOVARASAN

Chief Financial Officer

K.SRINATHAN

Company Secretary

M. No. A12711

R G RAMACHANDRAN

Director

DIN: 02671982

Place : Chennai

Date : April 21, 2018

MATHEW GEORGE

Director

DIN: 07402208