BOARD'S REPORT (SECTION 134)

Dear Members,

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

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS:

₹ in crore

Particulars	**2017-18**	*2016-17*
Profit / (Loss) Before Depreciation, exceptional items & Tax	**(5.06)**	*2.32*
Less: Depreciation, amortization, impairment and obsolescence	**6.41**	*5.84*
Profit / (Loss) before exceptional items and tax	**(11.47)**	*(3.52)*
Add: Exceptional Items	**–**	–
Profit / (Loss) before tax	**(11.47)**	*(3.52)*
Less: Provision for tax	**–**	–
Profit / (Loss) for the year carried to the Balance Sheet	**(11.47)**	*(3.52)*
Add: Balance brought forward from previous year	**(25.97)**	*(22.45)*
Balance to be carried forward	**(37.44)**	*(25.97)*

CAPITAL & FINANCE

During the year the Company has neither issued nor allotted any share capital or Debentures.

The Company repaid a part of its long term foreign currency loans, equivalent to about ₹ 0.11 crore and redeemed Non-Convertible Debentures worth ₹ 0.16 crore.

CAPITAL EXPENDITURE

As at March 31, 2018 the gross fixed and intangible assets including leased assets, stood at ₹ 378.26 crore and the net fixed and intangible assets, including leased assets, at ₹ 358.34 crore. Capital Expenditure (net of deletions) during the year amounted to ₹ 3.73 crore

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.

DEPOSITORY SYSTEM

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

Equity shares

As on March 31, 2018, more than 99% of the Company's equity paid up capital representing 8,99,99,994 equity shares @ ₹ 10/- each are in dematerialized form and 6 equity shares @ ₹ 10/- each are in physical form

Non-convertible Debentures (NCD):

100% of Debentures representing 159520 NCDs @ ₹ 10,000 each are held in dematerialized form.

SUBSIDIARY COMPANIES

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

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

Since the Company is engaged in the business of developing infrastructure facilities, the provisions of Section 186 except sub-section (1) of the Act are not applicable to the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions during the year have been approved in terms of the Act. All related party transactions were at arms – length basis and in the ordinary course of business. Details of Related Party Transactions are provided in Annexure I (AOC-2).

STATE OF COMPANY AFFAIRS:

The gross revenue and other income for the financial year under review were ₹ 46.82 crore as against ₹ 42.56 crore for the previous financial year registering an increase of 10.00%. The loss after tax was ₹ 11.47 crore for the financial year under review as against ₹ 3.52 crore for the previous financial year, registering an increase in loss of 225.82%.

AMOUNT TO BE CARRIED TO RESERVE:

In view of the loss incurred the Company has not transferred any amount to reserves during the year under review.

DIVIDEND

In view of losses incurred during the year the Directors do not recommend dividend for the financial year.

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

The Company had entered into various agreement with M/s. LTIDPL IndvIT Services Limited & M/s. L&T Infrastructure Development Projects Limited (Holding Company) as required under SEBI (Infrastructure Investment Trust) Regulations, 2014.

The entire stake held by the Holding Company was transferred to IndInfravit Trust during May 2018, due to which the ownership of the Company has changed.

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

Conservation of Energy and Technology absorption

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.

Foreign exchange earnings and outgo

During the year the Company had no earnings / outgo in foreign exchange

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.

CORPORATE SOCIAL RESPONSIBILITY:

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

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

Mr. R.G.Ramachandran Director, who retired by rotation at the Annual General Meeting of the Company held on 28th September 2017 was re-appointed as Director.

The Board of Directors of the Company as on March 31, 2018 are as follows:

Sr.No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. Mathew George	Director	07402208
3	Mr. R.G.Ramachandran	Director	02671982
3	Dr. A.Veeraragavan	Independent Director	07138615
4	Dr. Koshy Varghese	Independent Director	03141594

Mr. K.G.Subramanian had resigned as Chief Financial Officer of the Company with effect from January 2, 2018

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

Sr. No.	Name	Designation	Date of Appointment
1	Mr. Subhasish Kundu	Manager	29/07/2015
2	Mr. S.Srinivasan	Company Secretary	21/10/2015

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 4(four) Board Meetings were held as detailed hereunder:

Date	Board Strength	No. of Directors Present
April 27, 2017	5	5
July 18, 2017	5	4
October 21, 2017	5	3
January 16,2018	5	4

INFORMATION TO THE BOARD

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

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company

- Minutes of the meeting of the Board of Directors, Audit Committee (AC), Nomination and Remuneration Committee (NRC)
- 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/AC (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 report, 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 are asked to 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 Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan.

During the year, 4(four) audit committee meetings were held as detailed hereunder:

Date	Committee Strength	No. of Members Present
April 27, 2017	3	3
July 18, 2017	3	2
October 21, 2017	3	2
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 follows the whistle blower policy of the Holding Company to report concerns about unethical activities, actual/suspected frauds and violation of Company's Code of Conduct. The policy provides for adequate safeguards against victimization of persons who avail the same and provides for direct access to the Chairman of the Audit Committee.

Members can view the details of the whistle blower policy under the said framework of the Company on its website www.lntidpl.com.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company had constituted the Nomination & Remuneration Committee in accordance with the requirements of the Act read with the Rules made thereunder comprising Dr. Koshy Varghese, of Dr. A.Veeraragavan and Mr. T.S.Venkatesan.

There were no meetings of the Nomination & Remuneration Committee were held during the year

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 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.

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.

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.

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 their 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.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

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

PROTECTION OF WOMEN AT WORKPLACE

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 received by the Company during the year.

AUDITOR’S REPORT

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

AUDITOR

The Company in the Fifth Annual General Meeting (AGM) held on 25th September 2015 had appointed M/s. Sharp & Tannan, Chartered Accountants, (Firm Reg no: 003792S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that AGM until the conclusion of the sixth consecutive AGM of the Company to be held during the year 2020.

SECRETARIAL AUDITOR:

M/s. M. Balaji Rajan & Associates (COP No: 6965), was appointed to conduct the secretarial audit of the Company for the financial year 2017-18, as required under Section 204 of the Act and Rules thereunder. The secretarial audit report dated June 26, 2018 to the Shareholders for the financial year 2017-18 is unqualified and is attached as ‘Annexure III’ to this Report.

As at March 31, 2018, the total outstanding NCDs allotted by the Company were ₹ 159.52 crore. M/s. IDBI Trusteeship Services Limited having their office at Asian Building, Ground floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400 001 have been appointed on the Debentures Trustees for the same.

EXTRACT OF ANNUAL RETURN

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

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

	T. S. VENKATESAN	**R. G. RAMACHANDRAN**
Place: Chennai	*Director*	*Director*
Date: July 12, 2018	*DIN: 01443165*	*DIN: 02671982*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in section 188(1) 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 contracts or arrangement or transactions at arm's length basis**

   a. There were no contracts or arrangements entered into by the Company with related party(s) during the FY 2017-18 which required shareholders' approval as per Sec. 188(1) of the Act.

   b. The details of related party transactions during the FY 2017-18 form part of the financial statements as per Ind AS 24 and the same is given in Note H(5).

For and on behalf of the Board

	T. S. VENKATESAN	**R. G. RAMACHANDRAN**
Place: Chennai	*Director*	*Director*
Date: July 12, 2018	*DIN: 01443165*	*DIN: 02671982*

ANNEXURE II

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	U45203TN2010PLC075491
Registration Date	27/04/2010
Name of the Company	Devihalli Hassan Tollway Limited*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

*formerly known as L&T Devihalli Hassan Tollway Limited

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of The Company CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited CIN: U65993TN2001PLC046691	Holding	100%	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2017				No. of Shares held as on March 31, 2018				% 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.	89999995	5*	90000000	100	89999994	6*	90000000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**89999995**	**5***	**90000000**	**100**	**89999994**	**6***	**90000000**	**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)	**89999995**	**5***	**90000000**	**100**	**89999994**	**6***	**90000000**	**100**	**–**

Category of Shareholders	No. of Shares held as on April 01, 2017				No. of Shares held as on March 31, 2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
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)	**89999995**	**5***	**90000000**	**100**	**89999994**	**6***	**90000000**	**100**	**–**

*Shares held by individuals jointly of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Shareholders Name	Shareholding as on April 01, 2017			Shareholding as on March 31, 2018			% change in Shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
L&T IDPL	89999895	100	51#	89999994	100	–	0
Larsen & Toubro Limited	100	0.01	–	–	–	–	–
Mr. T.S.Venkatesan jointly with L&T IDPL	1	0	–	1	0	–	–
Mr. Karthikeyan T V jointly with L&T IDPL	1	0	–	1	0	–	–
Mr. P.G.Suresh Kumar jointly with L&T IDPL	1	0	–	1	0	–	–
Mr. J.Subramanian jointly with L&T IDPL	1	0	–	1	0	–	–
Mr. R.G.Ramachandran jointly with L&T IDPL	1	0	–	1	0	–	–
Mr. Mathew George jointly with L&T IDPL	–	–	–	1	0	–	–
Total	**90000000**	**100**	**51**	**90000000**	**100**	**–**	**0**

#Based on the information received from Promoters

(iii) Change in Promoters' Shareholding:

S.No	For Each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	L&T Infrastructure Development Projects Limited				
	Shareholding as on April 01, 2017	89999895	100	89999895	100
	Share Transfers on March 21,2018				
	• by Larsen & Toubro Limited	100	0	89999995	100
	• to Mr.Mathew George jointly with L&T IDPL	(1)	0	89999994	100
	Shareholding as on March 31, 2018	89999994	100	89999994	100
2	Larsen & Toubro Limited				
	Shareholding as on April 01, 2017	100	0	100	0
	Share Transferred to L&T Infrastructure Development Projects Limited on March 21,2018	(100)	0	–	–
	Shareholding as on March 31, 2018	–	–	–	–

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
	For Each of the Directors and Key Managerial Personnel	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. T.S.Venkatesan jointly with L&T IDPL				
	Shareholding as on April 01, 2017	1	0	1	0
	No change in shareholding during the year	–	–	–	–
	Shareholding as on March 31, 2018	1	0	1	0
2	Mr. R.G.Ramachandran jointly with L&T IDPL				
	Shareholding as on April 01, 2017	1	0	1	0
	No change in shareholding during the year	–	–	–	–
	Shareholding as on March 31, 2018	1	0	1	0
3	Mr. Mathew George jointly with L& T IDPL				
	Share holding as on April 01 , 2017	–	–	–	–
	Shares transferred by L&T IDPL on March 21 ,2018	1	0	1	0
	Shareholding as on March 31, 2018	1	0	1	0

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars of the indebtedness	Secured Loans	Unsecured Loans	Total Indebtedness
As on April 01, 2017			
(i) Principal Amount	267,01,72,980	11,45,00,000	**278,46,72,980**
(ii) Interest due but not paid	–	–	**–**
(iii) Interest accrued but not due	7,29,415	87,79,070	**95,08,485**
Total (i+ii+iii)	**267,09,02,395**	**12,32,79,070**	**279,41,81,465**
Change in Indebtedness during the financial year			
• Addition	–	2,46,54,436	**2,46,54,436**
• Reduction	(26,85,193)	–	**(26,85,193)**
Net Change	**(26,85,193)**	**2,46,54,436**	**2,19,69,243**
March 31, 2017			
(i) Principal Amount	266,75,00,120	13,10,00,000	**279,85,00,120**
(ii) Interest due but not paid	–	–	**–**
(iii) Interest accrued but not due	7,17,082	1,69,33,506	**1,76,50,588**
Total (i+ii+iii)	**266,82,17,202**	**14,79,33,506**	**281,61,50,708**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in crore)

Particulars of Remuneration	**Manager: Mr. Subhasish Kundu**
Gross salary	
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
(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	0.18
Stock Option	–
Sweat Equity	–
Commission	
- as % of profit	
- others, specify…	–
Others, please specify	–
Total	**0.18**
Ceiling as per the Act	**1.23**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
		Dr. A.Veeraragavan	**Dr. Koshy Varghese**	
1	Independent Directors			
	Fee for attending board meeting & Committee meetings	150000	105000	255000
	Commission			
	Others, please specify			
	Total (1)	**150000**	**105000**	**255000**
2	Other Non-Executive Directors			
	Mr.T.S.Venkatesan			
	Mr.Mathew George			
	Mr.R.G.Ramachandran			
	No Fee for attending board / committee meetings and no Commission	Nil		
	Total (2)	**Nil**	**Nil**	
	Total =(1+2)	**150000**	**105000**	**255000**
	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. S.Srinivasan, Company Secretary as an employee of Larsen & Toubro Limited.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

	T. S. VENKATESAN	**R. G. RAMACHANDRAN**
Place: Chennai	*Director*	*Director*
Date: July 12, 2018	*DIN: 01443165*	*DIN: 02671982*

ANNEXURE 3

FORMNO.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2018

[Pursuant to section 204(1) of the Companies Act,2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules,2014]

To
The Members,
M/S. DEVIHALLI HASSAN TOLLWAY LIMITED, (formerly known as L&T Devihalli Hassan Tollway Limited)
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. DEVIHALLI HASSAN TOLLWAY LIMITED (formerly known as L&T Devihalli Hassan Tollway Limited) (CIN:U45203TN2010PLC075491)** (herein after called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s.DEVIHALLI HASSAN TOLLWAY LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31/03/2018 according to the provisions of (i) The Companies Act,2013 (the Act) and the rules made there under (ii) The National Highways Authority of India Act, 1988.

M/s. DEVIHALLI HASSAN TOLLWAY LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') viz: (a) The Securities and Exchange Board of India (substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not attracted.

I have examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at arm's length basis and in the ordinary course of business and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has obtained the approval of its members in the Annual General Meeting held on 28/09/2017 for the amendment of Articles of Association of the company and inserted the provision to have power to issue Consolidate and reissue debt Securities.

I further report that during the period under review, the Board of Directors of the Company has approved the resignation of Mr. K.G. Subramanian from the position Chief Financial Officer (CFO) of the Company w.e.f. 02/01/2018. The company has not appointed CFO until 31/03/2018. However, the vacancy can be filled within six months from the date of resignation under section 203(4) of the companies act, 2013.

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

Sd/-

Signature:
For **M. Balaji Rajan & Associates**

M. Balaji Rajan
CP No. 6965

Place :Chennai
Date : 27/06/2018

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

ANNEXURE A

To
The Members,
DEVIHALLI HASSAN TOLLWAY LIMITED,
Chennai

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Sd/-
Signature:
For **M. Balaji Rajan & Associates**

M. Balaji Rajan
CP No. 6965

Place :Chennai
Date : 27/06/2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEVIHALLI HASSAN TOLLWAY LIMITED (FORMERLY L&T DEVIHALLI HASSAN TOLLWAY LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Devihalli Hassan Tollway Limited (formerly L&T Devihalli Hassan Tollway Limited) (the 'Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profitand Loss, the Statement of changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2018 and its loss, changes in equity and its cashflows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2) Asrequired by Section143 (3)oftheAct,wereportthat:

    (a) we have sought and obtained all the informationand explanations which to the bestof our knowledgeand beliefwere necessaryforthepurposes ofouraudit;

    (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears fromour examination of those books;

    (c) theBalanceSheet,theStatement ofProfitandLoss, the Statement of Changes in Equity andtheStatement of Cash Flowsdealtwithby this Reportarein agreementwith thebooksofaccount;

    (d) in our opinion,theaforesaidfinancialstatementscomply withtheIndian AccountingStandards notified underSection 133oftheAct,readwith Companies (Indian Accounting Standards) Rules, 2015;

    (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act; and

    (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:

i. the Company has disclosed the impact of pending litigation on its financial position in its financial position – Refer Note 16 to the financial statement.;

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

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

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

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 21, 2018

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of **Devihalli Hassan Tollway Limited** (formerly L&T Devihalli Hassan Tollway Limited) on the Financial Statements for the year ended 31 March 2018, we report that:

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

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company does not carry any inventory in its books and hence reporting under clause 3(ii)(a), (b) and (c) of the Order does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made investment covered under section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.

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

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, goods and service tax, duty of customs, value added tax, cess and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues outstanding as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax at March 31, 2018 which have not been deposited on account of a dispute pending are as follows:

Name of the statute	Nature of disputed dues	Total demand (₹)	Amount not deposited (₹)	Period to which the dispute relates	Forum where disputes are pending
Income Tax Act 1961	Income from mutual funds, interest on bank balance and other income taxed as business income	3,386,653	3,386,653	AY 2013-14	Commissioner of Income Tax (Appeals)

There are no dues of sales tax, service tax, goods and service tax, duty of excise, duty of customs, Value added tax and Cess as at 31 March 2018 which have not been deposited on account of any dispute.

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

(ix) The Company has neither taken any term loans during the year nor has raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly reporting on clause 3(ix) of the Order does not arise.

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

(xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.

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

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

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

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 21, 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Devihalli Hassan Tollway Limited (formerly L&T Devihalli Hassan Tollway Limited) ("the Company") as of31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. 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 Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31 March 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 issued by the ICAI.

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

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 21, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note	March 31, 2018 ₹	*March 31, 2017* ₹
ASSETS			
(1) Non-current assets			
a) Property, Plant and Equipment	1	**17,233,112**	*18,319,578*
b) Capital work-in-progress	2	**-**	*1,777,637*
c) Other intangible assets	3	**3,566,134,696**	*3,591,340,981*
d) Intangible assets under development	4	**-**	*34,975,388*
e) Financial Assets			
i) Other financial assets	5	**1,031,945**	*888,930*
f) Other non-current assets	6	**4,482,940**	*4,867,491*
		3,588,882,693	*3,652,170,005*
Current assets			
a) Financial Assets			
i) Investments	7	**18,065,545**	*23,692,598*
ii) Cash and cash equivalents	8	**18,935,379**	*10,197,322*
iii) Other financial assets	5	**9,236,466**	*17,585,422*
b) Other current assets	6	**11,090,219**	*9,760,017*
		57,327,609	*61,235,359*
TOTAL		**3,646,210,302**	*3,713,405,364*
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	9	**900,000,000**	*900,000,000*
b) Other Equity	10	**(374,442,858)**	*(259,696,266)*
		525,557,142	*640,303,734*
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	11	**2,657,709,244**	*2,660,138,244*
b) Provisions	13	**171,408,773**	*177,198,925*
		2,829,118,017	*2,837,337,169*
Current liabilities			
a) Financial liabilities			
i) Borrowings	11	**147,933,506**	*123,279,070*
ii) Trade payables	15	**8,088,813**	*16,339,264*
iii) Other financial liabilities	12	**132,418,351**	*94,318,273*
c) Other current liabilities	14	**2,743,682**	*1,558,630*
b) Provision	13	**350,791**	*269,224*
		291,535,143	*235,764,461*
Total Equity and Liabilities		**3,646,210,302**	*3,713,405,364*
Contingent liabilities	16		
Commitments	17		
Other notes forming part of accounts	A		
Significant accounting policies	B		

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

S. SRINIVASAN
Company Secretary
M. No.: A15797

R. G. RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 21, 2018

Place : Chennai
Date : April 21, 2018

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

Particulars	Note	2017-18 ₹	2017-18 ₹	2016-17 ₹	2016-17 ₹
REVENUE					
Revenue from Operations	18		468,228,820		481,052,473
Construction contract revenue			–		25,368,677
Other income	19		5,055,597		2,605,533
Total income			473,284,417		509,026,683
EXPENSES					
Construction contract expenses			–		25,368,677
Operating expenses	20		177,522,150		139,835,145
Employee benefit expense	21		18,102,450		14,224,779
Finance costs	22		290,682,417		268,950,492
Depreciation, amortisation and obsolescence	1 & 3		64,145,867		58,424,268
Administration and other expenses	23		37,453,320		37,387,942
Total expenses			587,906,204		544,191,303
Loss before tax			(114,621,787)		(35,164,620)
Tax Expense:					
Current tax		–		–	
			–		–
Loss for the year			(114,621,787)		(35,164,620)
Other Comprehensive Income	24		(124,805)		(53,651)
i) Items that will not be reclassified to profit or loss (net of tax)			(124,805)		(53,651)
Total comprehensive income for the year			(114,746,592)		(35,218,271)
Earnings per equity share (Basic and Diluted)	A (8)		(1.27)		(0.39)
Face value per equity share			10.00		10.00

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

S. SRINIVASAN
Company Secretary
M. No.: A15797

R. G. RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 21, 2018

Place : Chennai
Date : April 21, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Particulars	**2017-18** ₹	*2016-17* ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(114,621,787)**	*(35,164,620)*
	Adjustments for :		
	Depreciation and amortisation expense	**64,145,867**	*58,424,268*
	Interest expense	**290,682,417**	*268,950,492*
	Interest income	**(15,728)**	*(96,711)*
	Other operating income	**–**	*(53,384,993)*
	(Profit)/loss on sale of current investments(net)	**(4,679,508)**	*(1,994,190)*
	(Profit)/loss on sale of fixed assets	**140,031**	*(579)*
	Operating profit before working capital changes	**235,651,292**	*236,733,667*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(22,039,342)**	*61,133,271*
	Increase / (Decrease) in trade payables and other liabilities	**45,909,185**	*(32,980,530)*
	(Increase) / Decrease in financial assets and other assets	**7,482,941**	*101,549,332*
	Net cash generated from/(used in) operating activities	**267,004,076**	*366,435,740*
	Direct taxes paid (net of refunds)	**(222,650)**	*(553,771)*
	Net Cash(used in)/generated from Operating Activities	**266,781,426**	*365,881,969*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(17,339,243)**	*(37,180,452)*
	Sale of fixed assets	**934,502**	*11,000*
	(Purchase)/ Sale of current investments	**10,306,561**	*(3,566,684)*
	Changes in other bank balances	**(254,155)**	*–*
	Interest received	**15,728**	*96,711*
	Net cash (used in)/generated from investing activities	**(6,336,607)**	*(40,639,425)*
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of long term borrowings	**(2,672,860)**	*(2,672,838)*
	Proceeds/(repayment) from short term borrowings	**16,500,000**	*(67,023,662)*
	Interest paid	**(265,788,057)**	*(256,769,732)*
	Net cash (used in)/generated from financing activities	**(251,960,917)**	*(326,466,232)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**8,483,902**	*(1,223,688)*
	Cash and cash equivalents as at the beginning of the year	**10,197,322**	*11,421,010*
	Cash and cash equivalents as at the end of the year	**18,681,224**	*10,197,322*

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 necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 21, 2018

For and on behalf of the Board

S. SRINIVASAN
Company Secretary
M. No.: A15797

R. G. RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 21, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A EQUITY SHARE CAPITAL

Particulars	No of shares	₹
Balance as at 31 March 2016	90,000,000	900,000,000
Changes in equity share capital	–	–
Balance as at 31 March 2017	90,000,000	900,000,000
Changes in equity share capital	–	–
Balance as at 31 March 2018	90,000,000	900,000,000

B OTHER EQUITY

Particulars	Debenture Redemption Reserve	Retained earnings	Total
	₹	₹	₹
Balance as at 31 March 2016 (A)	–	(224,477,995)	(224,477,995)
Loss for the year	–	(35,164,620)	(35,164,620)
Other comprehensive income	–	(53,651)	(53,651)
Transfer to debenture redemption reserve	–	–	–
Total comprehensive income for the year	–	(35,218,271)	(35,218,271)
Balance as at 31 March 2017 (A) + (B)	**–**	**(259,696,266)**	**(259,696,266)**
Balance as at 31 March 2017 (A)	–	(259,696,266)	(259,696,266)
Loss for the year	–	(114,621,787)	(114,621,787)
Other comprehensive income	–	(124,805)	(124,805)
Transfer to debenture redemption reserve	–	–	–
Total comprehensive income for the year (B)	–	(114,746,592)	(114,746,592)
Balance as at 31 March 2018 (A) + (B)	**–**	**(374,442,858)**	**(374,442,858)**

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 21, 2018

For and on behalf of the Board

S. SRINIVASAN
Company Secretary
M. No.: A15797

R. G. RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 21, 2018

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Gross Carrying Amount				Depreciation				Carrying value	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	Upto March 31, 2017	For the year	Deductions	Upto March 31, 2018	As at March 31, 2018	As as March 31, 2017
Owned										
Land	1,262,700	–	–	1,262,700	–	–	–	–	1,262,700	1,262,700
Building	377,914	–	–	377,914	377,905	1	–	377,906	8	9
Plant and Equipment	8,906,003	77,762	–	8,983,765	1,300,722	787,152	–	2,087,874	6,895,891	7,605,281
Furniture and fixtures	4,192,201	468,346	–	4,660,547	659,400	654,805	–	1,314,205	3,346,342	3,532,801
Vehicles	6,230,163	607,201	1,599,908	5,237,456	2,186,532	1,313,600	525,375	2,974,757	2,262,699	4,043,631
Office equipment	3,292,695	2,489,318	–	5,782,013	1,894,275	1,261,675	–	3,155,950	2,626,063	1,398,420
Computers, laptops and printers	772,085	724,133	69,207	1,427,011	295,349	361,460	69,207	587,602	839,409	476,736
Total	**25,033,761**	**4,366,760**	**1,669,115**	**27,731,406**	**6,714,183**	**4,378,693**	**594,582**	**10,498,294**	**17,233,112**	**18,319,578**

(Amount in ₹)

Particulars	Gross Carrying Amount				Depreciation				Carrying value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Upto March 31, 2016	For the year	Deductions	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
Owned										
Land	1,262,700	–	–	1,262,700	–	–	–	–	1,262,700	1,262,700
Building	377,914	–	–	377,914	377,904	1	–	377,905	9	10
Plant and Equipment	4,844,831	4,061,172	–	8,906,003	516,644	784,078	–	1,300,722	7,605,281	4,328,187
Furniture and fixtures	470,293	3,735,574	13,666	4,192,201	59,539	609,106	9,245	659,400	3,532,801	410,754
Vehicles	5,200,584	1,029,579	–	6,230,163	1,074,003	1,112,529	–	2,186,532	4,043,631	4,126,581
Office equipment	2,742,495	550,200	–	3,292,695	868,729	1,025,546	–	1,894,275	1,398,420	1,873,766
Computers, laptops and printers	392,775	478,654	99,344	772,085	254,632	134,061	93,344	295,349	476,736	138,143
Total	**15,291,592**	**9,855,179**	**113,010**	**25,033,761**	**3,151,451**	**3,665,321**	**102,589**	**6,714,183**	**18,319,578**	**12,140,141**

a) There are no restrictions on the title of property, plant and equipment. Refer Note A (15) for details of property, plant and equipment pledged as security for the borrowings of the Company.

b) Refer Note 17 for disclosure of contractual commitments for the acquisition of property, plant and equipment and/or other intangible assets.

c) The Company has reviewed the future cash flows on the basis of value in use of its Property, Plant and Equipment and Capital work-in-progress and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

2 CAPITAL WORK-IN-PROGRESS

Particulars	Cost			
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018
Capital work in progress	*1,777,637*	–	1,777,637	–
Total	*1,777,637*	**–**	**1,777,637**	**–**

Particulars	Cost			
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017
Capital work in progress	–	1,777,637	–	**1,777,637**
Total	–	**1,777,637**	**–**	**1,777,637**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

3 INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	Upto March 31, 2017	For the year	Deductions	Upto March 31, 2018	As at March 31, 2018	As as March 31, 2017
Specialised Software	1,205,735	–	–	1,205,735	1,138,750	66,984	–	1,205,734	1	66,985
Toll collection rights	3,719,159,418	34,560,889	–	3,753,720,307	127,885,422	59,700,190	–	187,585,612	3,566,134,695	3,591,273,996
Total	**3,720,365,153**	**34,560,889**	**–**	**3,754,926,042**	**129,024,172**	**59,767,174**	**–**	**188,791,346**	**3,566,134,696**	**3,591,340,981**

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Upto March 31, 2016	For the year	Deductions	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
Specialised Software	1,205,735	–	–	1,205,735	736,838	401,912	–	1,138,750	66,985	468,897
Toll collection rights	3,632,334,946	93,777,049	6,952,577	3,719,159,418	73,528,386	54,357,036	–	127,885,422	3,591,273,996	3,558,806,560
Total	**3,633,540,681**	**93,777,049**	**6,952,577**	**3,720,365,153**	**74,265,224**	**54,758,948**	**–**	**129,024,172**	**3,591,340,981**	**3,559,275,457**

a) Toll Collection Rights represent the project highway and its components constructed by the Company on Design, Build, Finance, Operate and Transfer ("DBFOT") basis under the Concession Agreement dated June 1, 2010 between the Company and National Highways Authority of India ("NHAI") in the Devihalli-Hassan section on NH-48. The Concession is for a period of 30 years from December 14, 2010. The amortization of the toll collection right is done till he end of the concession peiod which is upto the year 2040.

b) Addition to toll collection rights for the year 2016-17 includes the following

i) Due to closure of Shiradi Ghat during the period 2 January 2015 to 8 August 2015, the Company had a reduction in revenue resulting in losses. The Company, being eligible for claiming compensation for the loss under Clause 34.6.2 of the Concession Agreement, had claimed compensation for the loss with NHAI. The Independent Engineer has confirmed the compensation to be ₹ 4,57,00,000/- and has recommended an extension of 47 days to the concession period.The Company has recognized the compensation of ₹ 4,57,00,000/- as 'other operating income' and corresponding increase in the concession period as 'Toll collection rights' (Intangible assets).

ii) NHAI has suspended toll collection during the period 9 November 2016 to 2 December 2016 (23.29 days) due to demonetisation. This being a force majeure event, the Company is eligible for extension in the toll collection period by 23.29 days (as per Clause 34.6.2 of the Concession Agreement) and for compensation of the force majeure costs (as per Clause 34.7.2 of the Concession Agreement). The Company has claimed force majeure costs of ₹ 2,49,53,007 (interest of ₹ 1,39,94,042 crores and O&M, admininstrative and employee benefits expenses of ₹ 1,09,58,954) from NHAI. Further the Company has estimated the loss of revenue on account of suspension of toll collection to be ₹ 3,26,37,989, based on the average daily collection during October 2016. The loss of profit, representing the difference between loss of revenue (₹3,26,37,989) and force majeure costs claimed with NHAI (₹ 2,49,53,007), amounting to ₹ 76,84,993 crores is recognized as 'Other operating revenue' and the corresponding increase in the concession period by 23.29 days is recognized as 'Toll collection rights' (Intangible assets).

c) Refer Note 17 for disclosure of contractual commitments for the acquisition of property, plant and equipment and/or other intangible assets.

d) The Company has reviewed the future cash flows on the basis of value in use of its intangible assets and intangible assets under development and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

4 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Cost			
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018
Toll roads	*34,975,387*	–	34,975,387	**–**
Total	*34,975,387*	**–**	**34,975,387**	**–**

Particulars	Cost			
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017
Toll roads	*56,946,778*	25,368,680	47,340,070	**34,975,388**
Total	*56,946,778*	**25,368,680**	**47,340,070**	**34,975,388**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

5 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2018 Current ₹	Non-current ₹	Total ₹	*As at 31.03.2017 Current ₹*	*Non-current ₹*	*Total ₹*
a) Security deposits						
Unsecured, considered good	**–**	**1,031,945**	**1,031,945**	*60,000*	*888,930*	*948,930*
b) Others						
Unsecured, considered good						
Claim receivable from NHAI	**9,136,388**	**–**	**9,136,388**	*17,505,407*	*–*	*17,505,407*
Other receivables	**100,078**	**–**	**100,078**	*20,015*	*–*	*20,015*
	9,236,466	**1,031,945**	**10,268,411**	*17,585,422*	*888,930*	*18,474,352*

6 OTHER NON CURRENT AND CURRENT ASSETS

Particulars	As at 31.03.2018 Current ₹	Non-current ₹	Total ₹	*As at 31.03.2017 Current ₹*	*Non-current ₹*	*Total ₹*
Capital advances						
For capital work-in-progress	**–**	**–**	**–**	*–*	*607,201*	*607,201*
Advances other than capital advances						
Advances to suppliers	**1,452,319**	**–**	**1,452,319**	*–*	*–*	*–*
Advances to employees	**–**	**45,000**	**45,000**	*10,000*	*45,000*	*55,000*
VAT Recoverable	**8,321,877**	**–**	**8,321,877**	*8,214,570*	*–*	*8,214,570*
Advance recoverable other than in cash						
Prepaid Insurance	**1,316,023**	**–**	**1,316,023**	*1,172,232*	*–*	*1,172,232*
Prepaid expenses	**–**	**–**	**–**	*363,215*	*–*	*363,215*
Current tax receivable (net)	**–**	**4,437,940**	**4,437,940**	*–*	*4,215,290*	*4,215,290*
	11,090,219	**4,482,940**	**15,573,159**	*9,760,017*	*4,867,491*	*14,627,508*

7 INVESTMENTS (CURRENT)

Particulars	As at March 31, 2018 ₹	*As at March 31, 2017 ₹*
Investments at fair value through Profit and loss		
Mutual funds, Quoted	**18,065,545**	*23,692,598*
	18,065,545	*23,692,598*

(a) **Aggregate market value of unquoted investments - Mutual Funds**

Particulars	**Quantity Units**	**Current ₹**	**Quantity Units**	**Current ₹**
IDFC Cash fund - Growth (Regular Plan)	3,333.178	7,011,072	10,752.273	21,191,960
Invesco India Liquid Fund	–	–	1,120.159	2,500,638
UTI Liquid Cash Plan	988.964	2,805,486	–	–
TATA Liquid Regular Plan	125.623	400,945	–	–
TATA Money Market Regular Plan	398.834	1,087,597	–	–
L&T Liquid Fund - Growth	2,845.523	6,760,445	–	–
		18,065,545		**23,692,598**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(b) **Other particulars regarding current investments are as follows**

Particulars	**As at March 31, 2018** ₹	*As at March 31, 2017* ₹
Aggregate amount of unquoted investments and value thereof (at NAV)	**18,065,545**	*23,692,598*
	18,065,545	*23,692,598*

8 CASH AND BANK BALANCES

Particulars	**As at March 31, 2018** ₹	*As at March 31, 2017* ₹
Cash and cash equivalents		
a) Balances with banks	**10,187,689**	*5,574,247*
b) Cash on hand	**8,493,535**	*4,623,075*
	18,681,224	*10,197,322*
Other bank balances		
Term deposits with banks including interest accrued thereon (original maturity of less than 12 months)	**254,155**	–
	254,155	–
Total cash and bank balances	**18,935,379**	*10,197,322*

Balances with banks include escrow accounts which carry first charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement/ Common loan agreement. As at March 31, 2018, there are no amounts which are restricted/ earmarked for any specific purposes by virtue of the said waterfall mechanism (NIL as at March 31, 2017).

9 SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	**As at 31.03.2018** No. of shares	**As at 31.03.2018** ₹	*As at .31.03.2017* No. of shares	*As at .31.03.2017* ₹
Authorised:				
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*

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

Particulars	**As at 31.03.2018** No. of shares	**As at 31.03.2018** ₹	*As at .31.03.2017* No. of shares	*As at .31.03.2017* ₹
At the beginning of the year	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*
Issued during the year as fully paid	**–**	**–**	–	–
Others	**–**	**–**	–	–
At the end of the year	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*

(iii) Terms / rights attached to 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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/Company exercising signifant influence over Holding Company

Particulars	As at 31.03.2018 No. of shares	As at 31.03.2018 ₹	*As at .31.03.2017 No. of shares*	*As at .31.03.2017 ₹*
L&T Infrastructure Development Projects Limited	**90,000,000**	**900,000,000**	*89,999,900*	*899,999,000*
Larsen and Toubro Limited (Company exercising signifant influence over Holding Company)	**–**	**–**	*100*	*1,000*
	90,000,000	**900,000,000**	*90,000,000*	*900,000,000*

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

Particulars	As at 31.03.2018 No. of shares	As at 31.03.2018 ₹	*As at .31.03.2017 No. of shares*	*As at .31.03.2017 ₹*
L&T Infrastructure Development Projects Limited	**90,000,000**	**100.00%**	*89,999,900*	*99.99%*
	90,000,000	**100.00%**	*89,999,900*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL (31 March 2017 : Nil)

(vii) Calls unpaid : NIL; Forfeited Shares : NIL (previous year - NIL)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

10 OTHER EQUITY

Particulars	**Reserves & Surplus**		**Total**
	Debenture Redemption Reserve	**Retained earnings**	
	₹	₹	₹
AS ON 31.03.2018			
Balance at the beginning of the reporting period	–	(259,696,266)	(259,696,266)
Total comprehensive income for the year	–	(114,746,592)	(114,746,592)
Balance at the end of the reporting period	–	(374,442,858)	(374,442,858)
AS ON 31.03.2017			
Balance at the beginning of the reporting period		(224,477,995)	(224,477,995)
Total comprehensive income for the year	–	(35,218,271)	(35,218,271)
Balance at the end of the year	–	(259,696,266)	(259,696,266)

(a) Debenture Redemption Reserve

The company has not transferred any amount to Debenture Redemption Reserve since there was no profits during the current year and the previous years.

(b) Retained earnings

This represents the accumulated profit/ loss of the Company.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

10 BORROWINGS

Particulars	As at 31.03.2018 Current ₹	As at 31.03.2018 Non-current ₹	As at 31.03.2018 Total ₹	*As at 31.03.2017 Current ₹*	*As at 31.03.2017 Non-current ₹*	*As at 31.03.2017 Total ₹*
Secured borrowings						
a) Debentures	**-**	**1,595,200,000**	**1,595,200,000**	*-*	*1,596,800,000*	*1,596,800,000*
b) Term loans						
i) From banks	**-**	**1,062,509,244**	**1,062,509,244**	*-*	*1,063,338,244*	*1,063,338,244*
Unsecured borrowings						
a) Loans from related parties	**147,933,506**	**-**	**147,933,506**	*123,279,070*	*-*	*123,279,070*
Total	**147,933,506**	**2,657,709,244**	**2,805,642,750**	*123,279,070*	*2,660,138,244*	*2,783,417,314*

a) Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	ICICI Bank Base rate + applicable spread	Redeemable in 204 unequal monthly installements
Non Convertible Debentures	9.75%	Repayable at par in 68 unequal quarterly installments

Nature of security for term loans/debentures

(i) First charge by way of hypothecation on all movable/immovable assets of the Company, both present and future, excluding Project assets which is not allowed as per Clause 40.2 of Concession Agreement.

(ii) First charge on Project book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future.

(iii) Assignment of all the rights, title, interest, benefits, claims and demands, whatsoever of the company.

(iv) Escrow account to the extent of waterfall of priorities of payment as permitted to the lenders under Escrow Agreement.

(v) Debt Service Coverage Ratio Support Amount.

(vi) First charge of all the Company's rights, interests related to the proposed project under the letter of credit (if any), guarantee or performance bond provided by any party.

(vii) Refer Note A (15) for carrying value of the assets pledged as security.

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	**2,657,709,244**	*2,660,138,244*
Current maturities of long term borrowings	**2,672,844**	*2,672,844*
TOTAL	**2,660,382,088**	*2,662,811,088*

b) Details of unsecured loans

The unsecured loans from holding company is repayable on demand and carries interest at the prevailing G-Sec rate on the date of borrowing

c) There has been no default in the repayment of borrowings and interest obligations during the year

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

12 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2018			*As at 31.03.2017*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹
a) Current maturities of long term borrowings	**2,672,844**	**–**	**2,672,844**	*2,672,844*	*–*	*2,672,844*
b) Interest accrued	**717,082**	**–**	**717,082**	*426,970*	*–*	*426,970*
c) Dues to related parties	**1,695,176**	**–**	**1,695,176**	*4,697,504*	*–*	*4,697,504*
d) Other liabilities						
i) Creditors for capital supplies	**22,196,580**	**–**	**22,196,580**	*37,361,198*	*–*	*37,361,198*
ii) Others	**105,136,669**	**–**	**105,136,669**	*49,159,757*	*–*	*49,159,757*
	132,418,351	**–**	**132,418,351**	*94,318,273*	*–*	*94,318,273*

13 PROVISIONS

Particulars	As at 31.03.2018			*As at 31.03.2017*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹
Provision for employee benefits (Refer note A (2))	**350,791**	**–**	**350,791**	*269,224*	*1,463,022*	*1,732,246*
Provisions for major maintenance reserve (Refer note A (10))	**–**	**171,408,773**	**171,408,773**	*–*	*175,735,903*	*175,735,903*
	350,791	**171,408,773**	**171,759,564**	*269,224*	*177,198,925*	*177,468,149*

14 OTHER NON CURRENT AND CURRENT LIABILITIES

Particulars	As at 31.03.2018			*As at 31.03.2017*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹
i) Statutory payables	**2,743,682**	**–**	**2,743,682**	*1,558,630*	*–*	*1,558,630*
	2,743,682	**–**	**2,743,682**	*1,558,630*	*–*	*1,558,630*

15 TRADE PAYABLES

Particulars	As at March 31, 2018	*As at March 31, 2017*
	₹	₹
Due to micro and small enterprises	**–**	*–*
Due to related parties	**3,554,174**	*7,443,867*
Due to others	**4,534,639**	*8,895,397*
	8,088,813	16,339,264

There have been transactions during the year (NIL as at 31 March 2017) with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The amount due were settled within the time stipulated under the MSMED Act, 2006 hence the disclosure of amount of principal and interest paid/ outstanding does not arise.

16 CONTINGENT LIABILITIES

Particulars	As at March 31, 2018	*As at March 31, 2017*
	₹	₹
(a) Income-tax liability that may arise in respect of which the Company is under appeal	**3,381,689**	*3,381,689*

Note: It is not practical to estimate the timing of cash outflows, if any, in respect of matters above pending resolution of appeal proceedings.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

17 COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Nil (Previous years: ₹ 1,60,66,705)

18 REVENUE FROM OPERATIONS

Particulars	2017-18 ₹	2017-18 ₹	*2016-17* ₹	*2016-17* ₹
Operating revenue:				
Toll Collections	**468,228,820**		*425,645,042*	
Less : Revenue share to NHAI*	**–**		*–*	
		468,228,820		*425,645,042*
Other operating revenue:				
NHAI claim for concession extension		**–**		*53,384,993*
Utility shifting income		**–**		*2,022,438*
		468,228,820		*481,052,473*

*National Highway Authority of India

(a) NHAI Claim for concession extension represents the following

(i) Claim for loss of revenue on account of Shiradi Ghat stretch amounting to ₹ 4,57,00,000 (Refer Note 3 (b))

(ii) Loss of profit on account of demonetization amount to ₹ 76,84,993 (Refer Note 3 (b))

19 OTHER INCOME

Particulars	2017-18 ₹	2017-18 ₹	*2016-17* ₹	*2016-17* ₹
Interest income from:				
Bank deposits	**15,728**		*96,711*	
		15,728		*96,711*
Net gain/(loss) on sale or fair valuation of investments		**4,679,508**		*1,994,190*
Exchange Gain/Loss on Reinstatement of Payables		**–**		*514,632*
Miscellaneous income		**360,361**		*–*
		5,055,597		*2,605,533*

20 OPERATING EXPENSES

Particulars	2017-18 ₹	2017-18 ₹	*2016-17* ₹	*2016-17* ₹
Toll management fees		**37,585,242**		*27,229,989*
Security services		**8,474,684**		*3,610,495*
Insurance		**1,684,769**		*1,805,517*
Repairs and maintenance				
Toll road & bridge	**24,674,387**		*16,873,550*	
Plant and machinery	**5,951,451**		*10,724,833*	
Periodic major maintenance	**77,684,216**		*62,073,577*	
Others	**8,319,367**		*12,950,836*	
		116,629,421		*102,622,796*
Power and fuel		**13,148,032**		*11,746,860*
Less: NHAI Claim for reimbursement of expenses (Refer Note 3 (b))		**–**		*(7,180,512)*
		177,522,150		*139,835,145*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

21 EMPLOYEE BENEFIT EXPENSES

Particulars	2017-18 ₹	2017-18 ₹	*2016-17* ₹	*2016-17* ₹
Salaries, wages and bonus		**15,236,122**		*13,643,946*
Contributions to and provisions for:				
Provident and pension funds	**817,874**		*762,920*	
Gratuity fund (Refer Note A (2))	**49,798**		*407,837*	
Compensated absences	**420,427**		*587,450*	
Retention pay	**(362,974)**		*(169,425)*	
		925,125		*1,588,782*
Staff welfare expenses		**1,941,203**		*1,901,860*
Less: NHAI Claim for reimbursement of expenses (Refer Note 3 (b))"		**–**		*(2,909,809)*
		18,102,450		*14,224,779*

22 FINANCE COSTS

Particulars	2017-18 ₹	*2016-17* ₹
Interest on borrowings	**272,947,521**	*267,322,810*
Unwinding of discount and implicit interest expense on fair value	**16,205,952**	*10,063,492*
Other borrowing cost	**1,528,944**	*5,558,232*
Less: NHAI Claim for reimbursement of expenses (Refer Note 3 (b))	**–**	*(13,994,042)*
	290,682,417	*268,950,492*

23 ADMINISTRATION AND OTHER EXPENSES

Particulars	2017-18 ₹	*2016-17* ₹
Rent, rates and taxes	**578,706**	*838,534*
Payments to auditor (Refer Note (a) below)	**27,14,387**	*1,551,035*
Professional fees	**2,69,76,193**	*27,481,350*
Postage and communication	**927,653**	*643,427*
Printing and stationery	**579,162**	*649,672*
Travelling and conveyance	**3,396,929**	*3,521,209*
Bank charges	**912,431**	*1,862,570*
Profit/(loss) on disposal of property,plant and equipment	**140,031**	*(579)*
Miscellaneous expenses	**1,227,828**	*1,709,368*
Less: NHAI Claim for reimbursement of expenses (Refer Note 3 (b))	**–**	*(868,644)*
	37,453,320	*37,387,942*

(a) Payments to auditor (including service tax) as follows:

Particulars	2017-18 ₹	*2016-17* ₹
a) As auditor	**610,940**	*449,311*
b) For taxation matters	**141,600**	*241,519*
c) For company law matters	**–**	*–*
d) For other services	**1,961,847**	*860,205*
Total	**2,714,387**	*1,551,035*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

24 OTHER COMPREHENSIVE INCOME

Particulars	2017-18 ₹	2017-18 ₹	*2016-17* ₹	*2016-17* ₹
Items that will not be classified to profit or loss in subsequent periods				
Remeasurement of provision for defined benefit plan	**(124,805)**		*(53,651)*	
Less: Tax on the adjustment	**–**		*–*	
		(124,805)		*(53,651)*
		(124,805)		*(53,651)*

A NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Devihalli Hassan Tollway Limited ("the Company") is a Special Purpose Vehicle (SPV) incorporated for the purpose of the four laning of Devihalli-Hassan section from KM 110 to KM 189.50 of NH-48 including a new two lane with paved shoulder bypass for Channarayapatna town and widening of existing Hassan bypass to two lane with paved shoulder on Design, Build, Finance, Operate and Transfer (DBFOT) basis in the State of Karnataka under National Highways Development Programme (NHDP) Phase III A under the Concession Agreement dated June 17, 2010. The concession period is for 30 years, which includes the construction period commencing from December 14, 2010. The Company had changed its name from L&T Devihalli Hassan Tollway Limited to Devihalli Hassan Tollway Limited w.e.f 06 October 2016.

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

(i) Defined contribution plan:

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

An amount of ₹ 8,17,874 (previous year: ₹ 7,62,920), being the contribution to provident fund is recognised as employee benefit expense during the year and is charged to the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans 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 not applied
iv	Vesting conditions	5 years 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 Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

c) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan	
	As at 31.03.2018	*As at 31.03.2017*
	₹	₹
A) Present value of defined benefit obligation		
- Wholly funded	**1,343,049**	*1,253,764*
- Wholly unfunded	**–**	*–*
	1,343,049	*1,253,764*
Less : Fair value of plan assets	**1,316,783**	*1,154,636*
Amount to be recognised as liability or (asset)	**26,266**	*99,128*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	Gratuity plan	
	As at 31.03.2018	*As at 31.03.2017*
	₹	₹
B) Amounts reflected in the Balance Sheet		
Liabilities	**26,266**	*99,128*
Assets	**–**	*–*
Net Liability / (asset)	**26,266**	99,128
Amounts reflected in the Balance Sheet		
Net (Asset) / Liability - Current	26,266	99,128
Net (Asset) / Liability - Non - Current	–	–

d) The amounts recognised in the Statement of Profit or loss are as follows:

Particulars	Gratuity plan	
	2017-18	*2016-17*
	₹	₹
1 Current service cost	**61,549**	*386,288*
2 Net interest on defined benefit obligation	**(11,751)**	*21,549*
	49,798	*407,837*

e) Remeasurement recognized in other comprehensive income

Particulars	Gratuity plan	
	2017-18	*2016-17*
	₹	₹
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	**(38,807)**	*67,155*
Due to change in demographic assumption	**151,445**	*(46,301)*
Due to experience adjustments	**12,167**	*32,797*
Return on plan assets excluding amounts included in interest income	**–**	*–*
	124,805	*53,651*

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

Particulars	Gratuity plan	
	2017-18	*2016-17*
	₹	₹
Opening defined benefit obligation	**1,253,764**	*918,469*
Current service cost	**61,549**	*386,288*
Interest cost	**73,387**	*68,792*
Actuarial losses/(gains)		
Due to change in financial assumptions	**(38,807)**	*67,155*
Due to change in demographic assumption	**151,445**	*(46,301)*
Due to experience adjustments	**–**	*–*
Benefits paid	**(158,289)**	*(140,639)*
Closing balance of the present value of defined benefit obligation	**1,343,049**	*1,253,764*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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

Particulars	Gratuity plan	
	2017-18	*2016-17*
	₹	₹
Opening balance of fair value of plan assets	**1,154,636**	-
Interest Income	**85,138**	*47,243*
Return on plan assets excluding amounts included interest income	**(12,167)**	*(32,797)*
Contribution by employer	**247,465**	*1,280,829*
Contribution by plan participants	**-**	-
Benefits paid	**(158,289)**	*(140,639)*
Closing balance of fair value of plan assets	**1,316,783**	*1,154,636*

h) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan	
	2017-18	*2016-17*
Insurer managed funds	**100%**	*100%*
Total	**100%**	*100%*

i) Principal actuarial assumptions at the Balance Sheet date:

Particulars	2017-18	2016-17
1) Discount rate	**7.30%**	*6.95%*
2) Expected return on plan asset	**7.30%**	*6.95%*
3) Salary growth rate	**6.00%**	*6.00%*
4) Attrition rate	**3% to 15% based on the age band**	*3% to 15% based on the age band*
5) Motality rates	**Indian Assured Lives Mortality (2006-08) Table**	

j) Maturity analysis of expected benefit payments

Particulars	Cashflows	%
	₹	
2019	106,734	3.90%
2020	111,609	4.10%
2021	118,857	4.40%
2022	121,600	4.50%
2023	114,478	4.20%
2024-2028	680,101	25.00%

The future accrual is not considered in arriving at the above cash flows

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

k) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars		As at March 31, 2018		*As at March 31, 2017*	
		Change	**Obligation**	*Change*	*Obligation*
i)	Discount rate	**+0.5%**	**1,290,669**	*+0.5%*	*1,052,658*
		-0.5%	**1,399,054**	*-0.5%*	*1,141,335*
ii)	Salary growth rate	**+0.5%**	**1,399,490**	*+0.5%*	*1,141,534*
		-0.5%	**1,289,804**	*-0.5%*	*1,052,090*

l) Major risks to the plan

(i) Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to adverse salary growth experience, variability in mortality rates or variability in withdrawal rates.

(ii) Investment Risk:

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

(iii) Liquidity Risk:

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

(iv) Market Risk:

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

(v) Legislative Risk:

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

3 Disclosure pursuant to Ind AS 23 “Borrowing Costs”

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

4 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.

5 Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Holding Company	L&T Infrastructure Development Projects Limited
Company exercising significant influence	Larsen & Toubro Limited
Other related parties :	L&T General Insurance Company Limited (Subsidiary of Larsen & Toubro Limited upto September 9, 2016)
Fellow Subsidiaries :	Ahmedabad Maliya Tollway Limited
	L&T Transportation Infrastructure Limited
	L&T Deccan Tollway Limited
	PNG Tollways Limited

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	Krishnagiri Thopur Toll Road Limited
	Krishnagiri Walajahpet Tollway Limited
	Kudgi Transmission Limited
	L&T Chennai Tada Tollways Limited
Key managerial personnel:	Mr. Subhasish Kundu

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

Particulars		**2017-18**	*2016-17*
		₹	₹
1)	**Purchase of goods and services**		
	Company exercising significant influence over Holding company		
	• Larsen & Toubro Limited	**2,745,532**	*2,244,094*
	Holding company		
	• L&T Infrastructure Development Projects Limited	**24,054,117**	*23,107,562*
	Total purchase of goods and services	**26,799,649**	*25,351,656*
2)	**Reimbursement of expenses to**		
	Company exercising significant influence over Holding company		
	• Larsen & Toubro Limited	**1,632,831**	*18,20,083*
	Holding company		
	• L&T Infrastructure Development Projects Limited	**187,000**	*108,842*
	Fellow subsidiaries		
	• L&T Chennai - Tada Tollway Limited	**–**	*132,742*
	• Ahmedabad Mallya Tollway Limited	**–**	*2,702*
	Total reimbursement of expenses to	**1,819,831**	*21,64,369*
3)	**Reimbursement of expenses from**		
	Company exercising significant influence over Holding company		
	• Larsen & Toubro Limited	**36,489**	*5,625*
	Holding company		
	• L&T Infrastructure Development Projects Limited	**107,545**	*265,020*
	Fellow subsidiaries		
	• Kudgi Transmission Limited	**–**	*74,866*
	Total reimbursement of expenses from	**144,034**	*345,511*
4)	**Short term unsecured loan received**		
	Holding company		
	• L&T Infrastructure Development Projects Limited	**16,500,000**	*30,000,000*
	Fellow subsidiaries		
	• Krishnagiri Thopur Toll Road Limited	**2,500,000**	*–*
	• Western Andhra Tollway Limited	**2,500,000**	*–*
	• Kudgi Transmission Limited	**19,000,000**	*–*
	Total Short term unsecured loan received	**40,500,000**	*30,000,000*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars		2017-18	2016-17
		₹	₹
5)	**Short term unsecured loan repaid**		
	Holding company		
	• L&T Infrastructure Development Projects Limited	–	97,023,662
	Fellow subsidiaries		
	• Krishnagiri Thopur Toll Road Limited	2,500,000	–
	• Western Andhra Tollway Limited	2,500,000	–
	• Kudgi Transmission Limited	19,000,000	–
	Total Short term unsecured loan repaid	24,000,000	97,023,662
6)	**Interest expense on unsecured loan**		
	Holding company		
	• L&T Infrastructure Development Projects Limited	9,060,485	30,094,699
		9,060,485	30,094,699
7)	**Receipt of refundable deposit received for directors' nomination**		
	Holding company		
	• L&T Infrastructure Development Projects Limited	–	200,000
		–	200,000
8)	**Purchase of fixed assets**		
	Fellow subsidiaries		
	• PNG Tollways Limited	–	4,765,153
	• L&T Chennai - Tada Tollway Limited	1	377,017
	• L&T Deccan Tollway Limited	–	44,727
		1	5,186,897
9)	**Sale of fixed assets**		
	Fellow subsidiaries		
	• L&T Transport Infratstructure Limited	3	–
		3	–
C	**Key management personnel compensation**		
	Payments of salaries and perquisites*		
	• Mr Subhasish Kundu	1,787,300	1,384,512
		1,787,300	1,384,512
	Director sitting fees		
	• Dr. A.Veeraragavan	150,000	195,000
	• Dr. Koshy Varghese	115,000	150,000
		265,000	345,000

* Provision for employee benefits like gratuity and leave encashment are determined on actuarial basis for the company as a whole and the portion pertaining to KMP is not separately determined. Accordingly the salary and perquisites reported above does not include the said cost.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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

Particulars	**As at March 31, 2018**	*As at March 31, 2017*
	Due (to)/from	*Due (to)/from*
Holding Company		
L&T Infrastructure Development Projects Limited	**(151,857,789)**	*(130,722,937)*
Company exercising significant influence over Holding company		
Larsen & Toubro Limited	**(131,179)**	*(41,87,745)*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	**(509,760)**	*(5,09,759)*

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties (previous year: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No amount of due from related parties has been written off during the year (previous year - ₹ Nil). No amounts due to related parties has been written back (previous year - ₹ Nil) No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

g) Guarantees given to / received from related parties

For the year ended March 31, 2017, L&T Infrastructure development projects Ltd, the Holding Company, has given gurantee towards debt service reserve requirements for ₹ 6,82,00,000 to ICICI Bank. This is in lieu if the Debt Service Reserve Account Requirement, which is three months interest and principle due.

h) Commitments with related parties

There are no commitments with related parties as at March 31, 2018 (March 31, 2017: INR Nil)

6 Disclosure pursuant to Ind AS 17 "Leases"

The Company has taken certain office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry and there are no restrictions imposed by the lease arrangements. Lease rental expenses for the year is ₹ 3,19,000 (previous year: ₹ 4,56,080) is charged to the Statement of Profit and Loss.

Contingent rent recognised in the statement of profit and loss for the year is ₹ NIL (previous year ₹ NIL).

The Company has not taken any asset on finance lease.

7 Disclosure pursuant to Ind AS 12 - "Income taxes"

Deferred Tax

(a) Major components of Deferred tax liabilities and assets

Particulars	**Balance Sheet**		**Statement of Profit or loss**	
	As at March 31, 2018	*As at March 31, 2017*	**As at March 31, 2018**	*As at March 31, 2017*
	₹	₹	₹	₹
Deferred tax assets/ (liabilities)				
Tangible and intangible assets	**(146,596,287)**	*(699,237,074)*	**552,640,787**	*(130,037,535)*
Provision for employee benefits expenses	**121,402**	–	**121,402**	–
Fair value adjustment of mutual funds	**(32,254)**	–	**(32,254)**	–
Upfront fee on borrowings	**(2,463,409)**	–	**(2,463,409)**	–
Major maintenance reserve	**(11,466,298)**	–	**(11,466,298)**	–
Business and depreciation loss	**160,436,846**	*699,237,074*	**(538,800,228)**	*130,037,535*
Net Deferred Tax Assets/ (Liabilities)	**–**	–	**–**	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

b) Items for which no deferred tax asset is recognised in the balance sheet

Particulars	As at March 31, 2018		
	Base amount	Deferred tax	Expiry date
Unused business losses			
Assessment years			
2016-17	20,520,259	7,101,651	AY 2024-25
2017-18	167,582,595	57,996,984	AY 2025-26
2018-19	194,078,876	67,166,817	AY 2026-27
	382,181,730	**132,265,453**	
Unabsorbed depreciation losses	21,126,581	7,311,487	Not applicable
Total unrecognized deferred tax assets	**403,308,311**	**139,576,940**	

Particulars	As at March 31, 2017		
	Base amount	Deferred tax	Expiry date
Unused business losses			
Assessment years			
2014-15	81,971,230	28,368,603	AY 2022-23
2015-16	106,685,356	36,921,668	AY 2023-24
2016-17	11,273,502	3,901,534	AY 2024-25
Total unused business losses	**199,930,088**	**69,191,805**	
Unabsorbed depreciation losses	132,734,797	45,936,859	Not applicable
Provision for employee benefits expenses	1,369,272	473,878	Not applicable
Total unrecognized deferred tax assets	**334,034,157**	**115,602,541**	

c) Deferred tax assets on property plant and equipment and other assets have been recognized to the extent the same can be set off against deferred tax liability arising on timing difference between book depreciation as per the Income Tax Act, 1961.

d) The Company is eligible to claim deduction under section 80 IA of the Income Tax Act, 1961 and the management expects the above deferred tax assets to get reversed/ lapsed within the tax holiday period. Hence these deferred tax assets are not recognized in the Balance Sheet

e) Reconciliation of deferred tax assets/ (liabilities)

Particulars	2017-18	*2016-17*
	₹	₹
Opening balance as on April 01	**–**	–
Tax (income)/ expense during the period recognized in:		
a) Statement of Profit or Loss in Profit or Loss section		
Deferred tax assets	**538,678,826**	*(130,037,535)*
Deferred tax liabilities	**(538,678,826)**	*130,037,535*
Total recognized in Statement of profit or loss	**–**	–
b) Statement of Profit or Loss under OCI section	**–**	–
c) Retained earnings	**–**	–
Closing balance as at March 31	**–**	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

8 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 for the year attributable to owners of the Company for calculating basic and diluted earnings per share (₹)	**A**	**(114,621,787)**	*(35,164,620)*
Weighted average number of equity shares outstanding for calculating basic and diluted earnings per share (₹)	**B**	**90,000,000**	*90,000,000*
Basic and Diluted EPS (₹)	**A / B**	**(1.27)**	*(0.39)*
Face value per equity share (₹)		**10.00**	*10.00*

9 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.

10 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 (NHAI) as per the maintenance standards prescribed in Concession agreement.

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

As per industry practice, 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.

Considering that the expense to be incurred is depended on various factors including the usage, wear and tear of the highway, bituminous overlay, etc, it is not possible to estimate the exact timing and the quantum of the cashflow. However the management estimates to incurr major portion of the expenditure during 2020-21. The management does not expect any re-imbursement towards the expenses to be incurred.

b) Movement in provisions:

Particulars	Major repairs & maintenance	
	2017-18	*2016-17*
Carrying amount as at the beginning of the year	**175,735,903**	*103,598,834*
Additional provision	**77,684,216**	*62,073,577*
Increase in discounted amount due to passage of time and changes in discount rate	**16,205,952**	*10,063,492*
Utilization of provision	**(98,217,298)**	–
Carrying amount as at the end of the year	**171,408,773**	*175,735,903*

c) Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note 16 to the Balance Sheet.

d) Arbitration

The Company has raised various claims with NHAI towards financial losses incurred by the Company on account of disputes between the Company and NHAI on various items arising out of the Concession Agreement. Despite the best efforts made, the disputes with NHAI could not be amicably solved by the Company. Accordingly the Company has invoked the dispute resolution mechanism (arbitration) as provided in Article 44 of the Concession Agreement vide its letter dated March 2, 2018. The major items in arbitration are as follows

(i) Compensation for the damages due to delay in handing over of vacant and unencumbered 'right of way' (ROW) by NHAI and the additional cost thereof incurred by the Company on account of this delay

(ii) Compensation for loss of revenue incurred on account of delay in issuance of 2nd provisional completion certificate

(iii) Compensation for loss of revenue incurred on account of delay in conclusion of change of scope (COS) by NHAI

(iv) Compensation for additional cost incurred by the Company on account of material adverse effect caused due to delay in handing over of ROW covered with forest and land required for construction of toll plaza building and other facilities

(v) Compensation for costs incurred towards construction of additional minor junctions under COS

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(vi) Compensation for additional costs incurred by the Company on account of lower rates considered by NHAI for COS

(vii) Claim for the amount wrongfully deducted by NHAI from the fourth tranche of Grant on account of cost savings alleged to have been made by the Company

(viii) Claim for wrongful deduction made by NHAI on the bills raised by the Company towards COS on account of cost savings alleged to have been made by the Company

(ix) Claim for extension of concession period by 149 days on account of unilateral declaration of Appointment date with retrospective effect by NHAI

(x) Reimbursement of expenses incurred towards re-shifting of Utilities

(xi) Interest on the above compensation / claims

The Company and NHAI has appointed their respective nominee arbitrator and the two arbitrators are in the process of appointing the presiding arbitrator after which further proceedings will commence.

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

For the purpose of the company's capital management, capital includes issued equity capital. The primary objective of the company's capital management is to maximise the shareholder value.

12 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	4	–	–	**1,031,945**	–	–	*888,930*
Investments	7	**18,065,545**	–	–	*23,692,598*	–	–
Cash and cash equivalents	8	–	–	**18,935,379**	–	–	*10,197,322*
Other financial assets	5	–	–	**9,236,466**	–	–	*17,585,422*
Total Financial Asset		**18,065,545**	–	**29,203,790**	*23,692,598*	–	*28,671,674*
Financial liability							
Borrowings (incl. interest accrued)	11 & 12	–	–	**2,661,099,170**	–	–	*2,662,811,088*
Term loan from related parties	11	–	–	**147,933,506**	–	–	*123,279,070*
Trade payables	15	–	–	**8,088,813**	–	–	*16,339,264*
Other financial liabilities	12	–	–	**129,028,425**	–	–	*91,645,429*
Total Financial Liabilities		–	–	**2,946,149,914**	–	–	*2,894,074,851*

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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

13 Fair value of Financial asset and liabilties at amortized cost

Particulars	Note no.	As at March 31, 2018		*As at March 31, 2017*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*
Financial Assets					
Security deposits	4	**1,031,945**	**1,031,945**	*888,930*	*888,930*
Other financial assets	5	**9,236,466**	**9,236,466**	*17,585,422*	*17,585,422*
Total Financial Assets		**10,268,411**	**10,268,411**	*18,474,352*	*18,474,352*
Financial liability					
Borrowings (incl. interest accrued)	11 & 12	**2,661,099,170**	**2,661,099,170**	*2,662,811,088*	*2,662,811,088*
Term loan from related parties	11	**147,933,506**	**147,933,506**	*123,279,070*	*123,279,070*
Other financial liabilities	12	**129,028,425**	**129,028,425**	*91,645,429*	*91,645,429*
Total Financial Liabilities		**2,938,061,101**	**2,938,061,101**	2,877,735,587	2,877,735,587

The carrying amount of current financial assets and current trade and other financial liabilities 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 and Term loan from related parties approximate fair value as the instruments are at prevailing market rate.

Refer Note A (15) for information on Financial Assets pledged as security

b) Fair value hierarchy
As at March 31, 2018

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	18,065,545	–	–	18,065,545
Total of Financial Assets		**18,065,545**	**–**	**–**	**18,065,545**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	1,031,945	1,031,945
Other financial assets	5	–	–	9,236,466	9,236,466
Total of Financial Assets		**–**	**–**	**10,268,411**	**10,268,411**
Financial Liabilities					
Borrowings (incl. interest accrued)	11 & 12	–	2,661,099,170	–	2,661,099,170
Term Loan from related parties	11	–	147,933,506	–	147,933,506
Trade payables	15	–	–	8,088,813	8,088,813
Other Financial Liabilities	12	–	–	129,028,425	129,028,425
Total Financial liabilties		**–**	**2,809,032,676**	**137,117,238**	**2,946,149,914**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	23,692,598	-	-	23,692,598
Total of Financial Assets		**23,692,598**	**-**	**-**	**23,692,598**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	888,930	888,930
Other financial assets	5	–	–	17,585,422	17,585,422
Total of Financial Assets		**-**	**-**	**18,474,352**	**18,474,352**
Financial Liabilities					
Borrowings (incl. interest accrued)	11 & 12	-	2,662,811,088	-	2,662,811,088
Term Loan from related parties	11	-	123,279,070	-	123,279,070
Trade payables	15	-	-	16,339,264	16,339,264
Other Financial Liabilities	12	-	-	91,645,429	91,645,429
Total Financial liabilties		**-**	**2,786,090,158**	**107,984,693**	**2,894,074,851**

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		
Long term borrowings	Income	Current bank rate
Term Loan from related parties	Income	Current bank rate

15 Asset pledged as security

(Amount in ₹)

Particulars	Note no	31.03.2017	*31.03.2016*
Non Financial Asset			
Property, Plant & Equipment	1	**17,233,112**	*18,319,578*
Capital work-in-progress	2	**-**	*1,777,637*
Intangible assets	3	**1**	*66,985*
Financial Asset			
Investments	7	**18,065,545**	*23,692,598*
Cash and bank balances	8	**18,935,379**	*10,197,322*
Other financial assets	5	**9,236,466**	*17,585,422*
Other receivables	6	**45,000**	*662,201*
TOTAL		**63,515,503**	*72,301,743*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

16 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's exposure to foreign currency dues is as follows:

Particulars	**As at March 31, 2018**	*As at March 31, 2017*
Foreign currency exposure (Euro)	–	*87,595.50*

Sensitivity analysis

	Impact on profit/ loss after tax	
	FY 2017-18	*FY 2016-17*
Increase or decrease in Foreign Currency rates by 0.5 basis points	–	*43,798*

Note: Loss will increase in case of increase in exchange rate and vice versa

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	**As at March 31, 2018**	*As at March 31, 2017*
Term loans from banks	**1,070,700,120**	*1,064,411,088*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis points	**2,668,889**	*2,662,093*

Note: Loss will increase in case of increase 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 is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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

Particulars	Note No.	**As at March 31, 2018**	*As at March 31, 2017*
Investments in Mutual Funds	4	**18,065,545**	*23,692,598*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	March 31, 2018	*March 31, 2017*
Increase or decrease in NAV by 2%	**361,311**	*473,852*

Note - In case of increase in NAV loss will decrease 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

(Amount in ₹)

As at March 31, 2018	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**	**Carrying Amount**
Non Derivative Financial Liability						
Borrowings (incl. interest accrued)	**3,389,926**	**2,672,844**	**13,631,512**	**2,648,522,920**	**2,668,217,202**	**2,661,099,170**
Loans from related parties	**147,933,506**	–	–	–	**147,933,506**	**147,933,506**
Trade Payables	**8,088,813**	–	–	–	**8,088,813**	**8,088,813**
Other financial liabilities	**129,028,425**	–	–	–	**129,028,425**	**129,028,425**
Derivative Financial Liability	–	–	–	–		–

As at March 31, 2017	*upto 1 year*	*1 - 2 years*	*2 - 5 years*	*> 5 years*	*Total*	*Carrying Amount*
Non Derivative Financial Liability						
Borrowings (incl. interest accrued)	*3,099,814*	*2,672,844*	*8,018,532*	*2,656,808,760*	*2,670,599,950*	*2,663,238,058*
Loans from related parties	*123,279,070*	–	–	–	*123,279,070*	*123,279,070*
Trade Payables	*16,339,264*	–	–	–	*16,339,264*	*16,339,264*
Other financial liabilities	*91,218,459*	–	–	–	*91,218,459*	*91,218,459*
Derivative Financial Liability	–	–	–	–		–

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.

17 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

(a) Description and classification of the arrangment

Devihalli Hassan Tollway Limited ("the Company") is a Special Purpose Vehicle (SPV) incorporated for the purpose of the four laning of Devihalli-Hassan section from KM 110 to KM 189.50 of NH-48 including a new two lane with paved shoulder bypass for Channarayapatna town and widening of existing Hassan bypass to two lane with paved shoulder on Design, Build, Finance, Operate and Transfer (DBFOT) basis in the State of Karnataka under National Highways Development Programme (NHDP) Phase III A under the Concession Agreement dated June 17, 2010. In terms of clause 14.3.2 of the aforesaid agreement, the Company had obtained approval for operating part of the project highway of 59.70 Kms and 14.652 Kms on November 14, 2013 and December 05, 2014 respectively. The company had further obtained approval for 2.976 Kms vide letter dated October 6, 2015 from NHAI.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The concession period is for 30 years, which includes the construction period commencing from December 14, 2010. The Concession Agreement provides a right to the Company to charge users of the highway and accordingly the Company has recognized the intangile asset 'Toll collection rights'.

(b) Significant Terms of the arrangements

(i) Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 27 of the Concession Agreement.

(ii) Rights of the Company for use Project Highway

To demand, collect and appropriate, Fee from vehicles and perosns 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.

(iii) Obligation of the Company

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.

The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Article 17 read with Schedule K 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 NHAI in the circumstances as specified under Article 37 of the CA.

(vi) Changes in arrangements occuring during the period

There has been no changes during the current reporting period however, during the previous year, the Company has recorded an extension of 47 days (Refer Note (3)(b)) and 23.29 days (Refer Note (3)(b)) in the period of toll collection rights.

18 The financial statements were approved for issue by the Board of Directors on April 21, 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) read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial statements which are measured at fair value as explained in the accounting policies below

(c) Use of estimates and judgements

The preparation of the 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 assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for major maintenance 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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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, Statement of Profit and Loss and the Statement of Changes in Equity 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 since the management is of the view that presenting the whole numbers, rather than rounding off, will result in better qualitative presentation of the financial statements.

3 REVENUE RECOGNITION

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

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

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Claims with National Highways Authority of India ('NHAI').

- Claims with National Highways Authority of India ('NHAI') and other Government Authorities are accounted as and when the money is received from the respective Authority, in cases of monetary compensations.
- In cases where the claims are accepted by NHAI but the compensation is by way of extension of the concession period, such claims are recognized as other operating income on acceptance by the authority with corresponding increase in toll collection rights (TCR) capitalized in the books of account.
- In cases where the Company has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the Company, such claims are recognized as other operating income when the right for the compensation is established based on the facts and circumstances.

c) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

d) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the statement of profit or loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

4 CASH AND BANK BALANCES

Cash and bank balances include cash and cash equivalents and other bank balances. Cash and cash equivalents include cash on hand, balances with banks and highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturity of three months or less from the date of purchase. Other bank balances includes fixed deposits with original maturity of more than three months but less than twelve months from the date of purchase.

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.

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.

The estimated useful lives of the assets as per managemenent eveluation are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings that are of temporary nature	1
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Lab equipment	7
Vehicles:	
Motor cars	7
Office equipment:	
Split AC and Window AC	4
Computers:	
Projectors, printers	4

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 or profit and loss.

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.

7 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

8 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 ("NHAI")/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, till the date of the Commercial operation date ("COD"). Reimbursement in respect of such amounts from NHAI/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 for claims made by the Company are capitalised as part of Toll Collection Rights on acceptance of the claim. Where the Company has a contractual right to an extension in the concession period as per the concession agreement, the same is capitalized when the right to extension in the conession peiod is established at the estimated amount of eligible claims.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

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".

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

b) Other intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the 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 derecognised when no future economic benefits are expected from use or disposal.

c) Amortization 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.

Specialized software is amortized over a period of three years on straight line basis from the month in which the addition is made.

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

9 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

a) The functional currency of the Company in Indian Rupee

b) 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.

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 recognised as income or expense in the period in which they arise except

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

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

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified 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 present value of the obligation under long term employee benefit plans such as compensated absences and liability under Retention Pay Scheme is determined based on actuarial valuation using the Projected Unit Credit Method.

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.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in profit or loss.

Gains or losses on the curtailment or settlement of any long-term employee benefit plan are recognized when the curtailment or settlement occurs. Past service, cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(iv) Termination benefits

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

11 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. A qualifying asset is an asset that necessarily require a substantial period of time to get ready for its intended use for sale. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

12 SEGMENT REPORTING

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

Segment accounting policies are in line with the accounting policies of the Company. 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.

13 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.Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

(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.

14 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit/ loss for the year attributable to the equity shareholders and the weighted averange number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

15 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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

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.

16 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 with indefinite useful life.

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.

17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

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.

18 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.

i. Cash and cash equivalents

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.

ii. Financial assets at amortized cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Eg. Investments in mutual funds.

v. 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.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

vi. Derecognition of financial asset

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired, or
- 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.

b) Financial Liabilities

All financial liabilities are measured at amortised cost using the effective interest method or at fair value through profit or loss.

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of sort-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluation on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

iii. Financial liabilities at amortized cost

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

19 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.

20 OPERATING CYCLE

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

21 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.

22 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

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 21, 2018

For and on behalf of the Board

S. SRINIVASAN
Company Secretary
M. No.: A15797

R. G. RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 21, 2018