

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended 31st March 2014.

I. FINANCIAL RESULTS

The key financial parameters for the year ended March 31, 2014 are:

Sl. No	Particulars	2013-14	2012-13
		₹ Lakhs	₹ Lakhs
1	Income for the year	1240.22	234.51
2	Less: Expenditure*	1403.67	2.28
3	Profit Before Depreciation & Tax (PBDT)	(163.45)	232.23
4	Less: Depreciation	164.72	0.00
5	Profit / (Loss) before tax (PBT)	(328.17)	232.23
6	Less: Provision for/(reversal of) tax	(29.62)	76.09
7	Profit / (Loss) after tax (PAT)	(298.55)	156.14
8	Balance brought forward from previous year	108.17	(47.97)
9	Balance carried to Balance Sheet	(190.38)	108.17

* Expenditure includes provision of ₹ 207.01 lakhs (*Previous year ₹ Nil*) made for periodic major maintenance.

2. PERFORMANCE OF THE COMPANY

The Company has commenced its operations only during the year from November 14th, 2013. The Toll Collections stood at ₹ 1035.05 lakhs for the year.

3. APPROPRIATION

Appropriation of profits is not applicable to the Company.

4. DIVIDEND

The Board of Directors has not recommended any dividend for the year 2013-14.

5. CAPITAL EXPENDITURE (₹ LAKHS)

As at March 31, 2014, the gross fixed assets (tangible) stood at ₹ 232.09 lakhs and the net fixed assets (tangible) stood at ₹ 175.73 lakhs. The capital work-in-progress stood at ₹ 11097.15 lakhs. The intangible assets stood at ₹ 40051.10 lakhs as at the end of the year vis-a-vis ₹ Nil in the previous year.

6. DEPOSITS

Your Company has not accepted any deposits from the public.

7. AUDITORS' REPORT

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

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

The operations of your Company are not energy intensive as Company is not engaged in manufacturing activity and your Company is not under the list of industries which should furnish information in form A (Rule 2).

B. TECHNOLOGY ABSORPTION

No technology has been developed and / or imported by way of foreign collaboration.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ LAKHS)

- i. Expenditure in foreign currency: : ₹ NIL
- ii. CIF value of Imports (in Rupees) : ₹ NIL

9. DISCLOSURE OF PARTICULARS:

As the primary object of the Company is Operation of the BOT Project, there are no particulars to be disclosed as per the Companies' (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

10. PARTICULARS OF EMPLOYEES:

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

The tenure of Mr. P. Ravindranath appointed on 22.11.2010 as Manager of the Company came to end on 21.11.2013. Consequent upon this, Mr. P. Ravindranath was re-appointed as Manager of the Company for a period of three years with effect from 11.11.2013.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of your Company confirms:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis.
5. that proper systems are in place to ensure compliance of all laws applicable to your Company.

12. DIRECTORS:

Mr. Karthikeyan T V, Mr. J. Subramanian and Mr. Manoj Dave constitute the Board of Directors of the Company.

During the year, there was no change in the Directorships of the Company.

Mr. Karthikeyan T V, Director of the Company who is liable to retire by rotation and being eligible has to offer himself for re-appointment.

13. AUDIT COMMITTEE

The Members of the Audit Committee are:

1. Mr. Karthikeyan T V
2. Mr. J. Subramanian and
3. Mr. Manoj Dave

The role, terms of reference, the authority and power of Chairman are in conformity with the requirements of the Companies Act, 1956.

The Committee met periodically during the year and held discussions with the auditors on internal control systems and internal audit report.

14. STATUTORY AUDITORS:

The Auditors, M/s Sharp & Tannan, Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 139(1) of the Companies Act, 2013.

15. SUBSIDIARY COMPANIES :

Your Company has no Subsidiary Companies.

16. INTERNAL AUDITORS

L&T IDPL Internal Audit Team are the Internal Auditors of the Company.

17. INTERNAL CONTROL

The Board ensures the effectiveness of your Company's system of internal controls including financial, operational and compliance controls and risk management systems.

18. SECRETARIAL AUDIT

The Secretarial Audit, at regular intervals, is conducted by the Corporate Secretarial Department of Larsen & Toubro Limited, which has competent professionals to carry out the said audit.

19. MAINTENANCE OF COST AUDIT COMPLIANCE REPORT

Pursuant to the provisions of Rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a cost audit compliance report from a Practicing Cost Accountant and the same is required to be filed with the Ministry of Corporate Affairs.

The Board of your Company will identify a Practicing Cost Accountant for this purpose, obtain prescribed compliance certificate accordingly and file the same with the Ministry of Corporate Affairs.

20. ACKNOWLEDGEMENTS:

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, Employees of the Company, Staff and Management of the parent company.

For and on behalf of the Board

Place : Chennai
Date : May 6, 2014

J. SUBRAMANIAN
Director

KARTHIKEYAN T. V.
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T DEVIHALLI HASSAN TOLLWAY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **L&T DEVIHALLI HASSAN TOLLWAY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance sheet, Statement of profit and loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act, read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S
by the hand of

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : May 6, 2014

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the auditors' to the members of **L&T DEVIHALLI HASSAN TOLLWAY LIMITED** on the accounts for the year ended March 31, 2014, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have not been physically verified by the management during the year.
- (c) The Company has not disposed substantial part of its fixed assets during the year and hence does not affect going concern.
- (ii) The Company does not carry any inventory in its books and hence reporting under clause 4(ii) (a), (b) and (c) of the Order does not arise.
- (iii) (a) According to the information and the explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Order are not applicable
- (b) According to the information and the explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets and sale of goods and services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, according to the information and explanations given to us, there are no contracts or arrangements that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v) of the Order does not arise.
- (vi) The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence reporting under clause 4(vi) of the Order does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing undisputed statutory dues including provident fund, investor education protection fund, income-tax, service tax, customs duty, excise duty, cess, sales tax and other statutory dues as applicable with appropriate authorities. According to the information and explanation given to us, there were no undisputed statutory dues outstanding as at 31st March 2014 for a period more than six months from the date they become payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no statutory dues payable in respect of sales tax, excise duty, service tax, customs duty and income tax which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period less than five years and has accumulated losses as at the year end and incurred cash losses for the year but not in the immediately preceding year.
- (xi) In our opinion and according to the explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not issued any debentures during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Hence reporting under clause 4(xiii) of the Order does not arise.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures or other investments. However, the Company has invested surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained showing the particulars of the transactions and contracts and timely entries have been made therein. The said investments in mutual funds have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) On an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term have been used for long term investment.

L&T DEVIHALLI HASSAN TOLLWAY LIMITED

- (xviii) The Company has not made any allotment of shares during the year and hence reporting on preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 under clause 4(xviii) of the Order does not arise.
- (xix) The Company has not issued debentures during the year. Hence reporting under clause 4(xix) of the Order does not arise.
- (xx) The Company has not raised any money by way of public issue during the year. Accordingly reporting under clause 4(xx) of the Order does not arise.
- (xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such cases by management.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S
by the hand of

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : May 6, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	A	90,00,00,000		90,00,00,000	
Reserves and surplus	B	1,78,09,61,743		1,61,84,40,788	
			2,68,09,61,743		2,51,84,40,788
Non-current liabilities					
Long-term borrowings	C(I)	2,23,31,99,095		1,99,85,44,772	
Long-term provisions	C(II)	2,07,00,814		—	
			2,25,38,99,909		1,99,85,44,772
Current liabilities					
Short term borrowings	D(I)	9,00,00,000		—	
Trade payables	D(II)	46,10,382		—	
Other current liabilities	D(III)	12,59,85,464		1,57,67,302	
Short-term provisions	D(IV)	13,54,448		16,20,891	
			22,19,50,294		1,73,88,193
TOTAL			5,15,68,11,946		4,53,43,73,753
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	1,75,73,595		33,09,608	
Intangible assets	E(II)	4,00,51,09,167		—	
Intangible assets under development	E(III)	1,09,77,92,850		3,61,92,88,953	
			5,12,04,75,612		3,62,25,98,561
Long-term loans and advances	F		1,19,23,477		4,09,78,673
Current assets					
Current investments	G(I)	16,95,022		10,00,00,000	
Cash and cash equivalents	G(II)	79,83,765		20,10,21,721	
Short-term loans and advances	G(III)	1,47,34,070		56,97,74,798	
			2,44,12,857		87,07,96,519
TOTAL			5,15,68,11,946		4,53,43,73,753
CONTINGENT LIABILITIES AND COMMITMENTS	H				
OTHER NOTES FORMING PART OF ACCOUNTS	O				
SIGNIFICANT ACCOUNTING POLICIES	P				

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(Firm's Registration No.: 003792S)
By the hand of

V. R. LALITHA
Partner
Membership No. 18284

P. RAVINDRANATH
Manager

J. SUBRAMANIAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : May 6, 2014

Place : Chennai
Date : May 6, 2014

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

	Note	2013-14 ₹	2012-13 ₹
REVENUE			
Revenue from operations	I	10,35,05,402	–
Other income	J	2,05,16,724	2,34,51,482
TOTAL REVENUE		12,40,22,126	2,34,51,482
EXPENSES			
Operating expenses	K	4,42,92,167	–
Employee benefit expenses	L	89,72,044	–
Finance costs	M	8,02,45,961	–
Depreciation and amortisation	E(I) & E(II)	1,64,72,511	–
Administration and other expenses	N	68,57,039	2,28,441
TOTAL EXPENSES		15,68,39,722	2,28,441
Profit/(loss) before tax		(3,28,17,596)	2,32,23,041
Tax expense:			
Current tax		–	76,08,833
Income tax - prior years		(29,62,426)	–
Deferred tax	O(9)	–	–
Profit/(loss) after tax		(2,98,55,170)	1,56,14,208
Earnings per equity share (Basic and diluted)	O(8)	(0.33)	0.17
Face value per equity share		10.00	10.00
OTHER NOTES FORMING PART OF ACCOUNTS	O		
SIGNIFICANT ACCOUNTING POLICIES	P		

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

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : May 6, 2014

P. RAVINDRANATH
Manager

Place : Chennai
Date : May 6, 2014

J. SUBRAMANIAN
Director

KARTHIKEYAN T. V.
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	2013-14 ₹	2012-13 ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax and extraordinary items	(3,28,17,596)	2,32,23,041
Adjustments for :		
Depreciation and amortisation expense	1,64,72,511	–
Provision for periodic major maintenance expense	2,07,00,814	–
Interest expense	8,02,45,961	–
Interest income	(13,87,296)	(2,02,192)
(Profit)/loss on sale of current investments (net)	(1,91,29,428)	(2,32,13,815)
(Profit)/loss on sale of fixed assets	–	–
Operating profit/(loss) before working capital changes	6,40,84,966	(1,92,966)
Adjustments for :		
(Increase)/decrease in loans and advances	33,58,180	(36,61,611)
Increase/(decrease) in other current liabilities and provisions	11,09,32,136	(61,79,241)
Cash generated from operations	17,83,75,282	(1,00,33,818)
Direct taxes paid (net of refund)	(12,77,555)	(72,65,762)
Net Cash(used in)/generated from operating activities	17,70,97,727	(1,72,99,580)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Intangible assets under development)	(1,49,49,21,036)	(1,90,17,41,844)
(Purchase)/Sale of current investments (net)	11,83,15,055	(7,53,63,212)
Sale of fixed assets	24,200	–
Interest received	13,87,296	2,03,672
Net cash (used in)/generated from investing activities	(1,37,51,94,485)	(1,97,69,01,384)
C CASH FLOW FROM FINANCING ACTIVITIES		
Equity support received from NHAI	75,55,00,000	1,04,45,00,000
Proceeds from short term unsecured loans	9,00,00,000	–
Proceeds from long term borrowings	23,90,89,523	1,14,85,44,772
Interest paid	(7,95,30,721)	–
Net cash (used in)/generated from financing activities	1,00,50,58,802	2,19,30,44,772
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(19,30,37,956)	19,88,43,808
Cash and Cash equivalents as at the beginning of the year	20,10,21,721	21,77,913
Cash and Cash equivalents as at the end of the year	79,83,765	20,10,21,721

Notes:

- Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement" as per the Companies (Accounting Standards) Rules 2006.
- Refer Note G(II) to the Balance Sheet for components of cash and cash equivalents.
- Previous year figures are regrouped/reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(Firm's Registration No.: 003792S)
By the hand of

V. R. LALITHA
Partner
Membership No. 18284

P. RAVINDRANATH
Manager

J. SUBRAMANIAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : May 6, 2014

Place : Chennai
Date : May 6, 2014

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS**A SHARE CAPITAL**

	As at 31.03.2014		As at 31.03.2013	
	No. of shares	₹	No. of shares	₹
A(I) Share capital authorised, issued, subscribed and paid up				
Authorised:				
Equity shares of ₹ 10 each	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10 each	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000

A(II) Reconciliation of the number of equity shares and share capital

	As at 31.03.2014		As at 31.03.2013	
	No of Shares	₹	No of Shares	₹
Issued, subscribed and fully paid up equity shares at the beginning of the year	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000
Add: Shares issued during the year	-	-	-	-
Issued, subscribed and fully paid up equity shares at the end of the year	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000

A(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.

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.

A(IV) Shares held by Holding/Ultimate holding company and/or their subsidiaries or associates

Particulars	Relationship	As at 31.03.2014	As at 31.03.2013
		₹	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	Holding company	89,99,99,000	89,99,99,000
Larsen & Toubro Limited	Ultimate holding company	1,000	1,000
		90,00,00,000	90,00,00,000

A(V) Shareholders holding more than 5% shares in the Company as at the end of the year:

	As at 31.03.2014		As at 31.03.2013	
	No of Shares	%	No of Shares	%
L&T Infrastructure Development Projects Limited (including nominee holding)	8,99,99,900	99.99	8,99,99,900	99.99

A(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

A(VII) Calls unpaid - NIL; Forfeited shares - NIL;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
B RESERVES AND SURPLUS				
Capital reserve :				
As per the last Balance Sheet	1,60,76,23,875		68,37,18,750	
Additions during the year	19,23,76,125		92,39,05,125	
	1,80,00,00,000		1,60,76,23,875	
Surplus/(Deficit) in the Statement of Profit and loss :				
As per the last Balance Sheet	1,08,16,913		(47,97,294)	
Add: Profit/(loss) for the year	(2,98,55,170)		1,56,14,207	
	(1,90,38,257)		1,08,16,913	
TOTAL	1,78,09,61,743		1,61,84,40,788	

C(I) LONG TERM BORROWINGS

Secured term loans from banks (Refer note C(I)(a))

Punjab National Bank	1,23,74,53,888	1,10,62,70,752
Union Bank of India	99,57,45,207	89,22,74,020
TOTAL	2,23,31,99,095	1,99,85,44,772

C(I) (a) Details of term loans

Particulars	Rate of Interest	Terms of repayment
	2013-14	
Rupee term loans from banks	Upto COD : Base rate Post COD : Base rate + "Applicable Spread"	Repayable in 48 unequal quarterly installments commencing from September 30, 2014.

C(I) (b) Nature of Security

- Secured by first charge by way of hypothecation on all movable/immovable assets of the Company, both present and future, excluding Project assets as defined in the Concession Agreement.
- First charge on Project book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future.
- Assignment of all the rights, title, interest, benefits, claims and demands, whatsoever of the Company.
- Escrow account to the extent of waterfall of priorities of payment as permitted to the lenders under Escrow Agreement.
- Debt Service Coverage Ratio Support Amount.
- 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.

C(I) (c) Presentation of term loans in the Balance sheet is as follows:

	As at 31.03.2014	As at 31.03.2013
	₹	₹
(i) Long term borrowings	2,23,31,99,095	1,99,85,44,772
(ii) Current maturities of long term borrowings	44,35,200	—
TOTAL	2,23,76,34,295	1,99,85,44,772

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
C(II) LONG TERM PROVISIONS				
Provision for periodic major maintenance expense (Refer note O(11))		2,07,00,814		—
TOTAL		<u>2,07,00,814</u>		<u>—</u>
D(I) SHORT TERM BORROWINGS				
Unsecured loan from holding company (Repayable on demand, Interest at the prevailing RBI rate)		9,00,00,000		—
TOTAL		<u>9,00,00,000</u>		<u>—</u>
D(II) TRADE PAYABLES				
Due to others		46,10,382		—
TOTAL		<u>46,10,382</u>		<u>—</u>

D(II) (a): There have been no transactions during the year (previous year: ₹ Nil) with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid/outstanding does not arise.

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
D(III) OTHER CURRENT LIABILITIES				
Current maturities of long term borrowings		44,35,200		—
Due to:				
Related parties:				
Holding company		70,74,987		—
Ultimate holding company		3,12,31,061		4,62,242
Fellow subsidiaries		30,17,760		—
		<u>4,13,23,808</u>		<u>4,62,242</u>
Interest accrued but not due on:				
Term loans		22,96,135		17,53,991
Unsecured loan from holding company		1,73,096		—
		<u>24,69,231</u>		<u>17,53,991</u>
Statutory liabilities		20,70,269		10,82,723
Other payables				
For capital goods and services		6,40,59,085		1,24,68,346
For others		1,16,27,871		—
		<u>7,56,86,956</u>		<u>1,24,68,346</u>
TOTAL		<u>12,59,85,464</u>		<u>1,57,67,302</u>
D(IV) SHORT TERM PROVISIONS				
Provisions for :				
Employee benefits				
Gratuity		7,47,249		3,02,914
Compensated absences		6,07,199		5,12,742
		<u>13,54,448</u>		<u>8,15,656</u>
Income tax payable of previous years (net of payments made ₹ 72,65,762)		—		8,05,235
TOTAL		<u>13,54,448</u>		<u>16,20,891</u>

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)**E(I) TANGIBLE ASSETS**

₹

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Up to 31.03.2013	For the year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Owned (Refer note (c) below)										
Furniture and fixtures	8,84,001	3,22,180	–	12,06,181	3,38,347	1,23,984	–	4,62,331	7,43,850	5,45,654
Vehicles	12,25,533	64,35,624	–	76,61,157	14,590	8,71,837	–	8,86,427	67,74,730	12,10,943
Office equipments	6,44,029	77,82,328	12,100	84,14,257	2,51,935	17,61,088	6,050	20,06,973	64,07,284	3,92,094
Plant and Equipment	–	44,06,054	–	44,06,054	–	14,78,490	–	14,78,490	29,27,564	–
Computers	15,73,517	–	51,250	15,22,267	4,12,600	4,22,600	33,100	8,02,100	7,20,167	11,60,917
Total	43,27,080	1,89,46,186	63,350	2,32,09,916	10,17,472	46,57,999	39,150	56,36,321	1,75,73,595	
Previous year	21,84,195	21,42,885	–	43,27,080	5,49,982	4,67,490	–	10,17,472	–	33,09,608

E(II) INTANGIBLE ASSETS

₹

Particulars	COST				AMORTISATION				BOOK VALUE	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Up to 31.03.2013	For the year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Toll Collection Rights (Refer notes below)	–	4,01,73,80,636	–	4,01,73,80,636	–	1,22,71,469	–	1,22,71,469	4,00,51,09,167	–
Total	–	4,01,73,80,636	–	4,01,73,80,636	–	1,22,71,469	–	1,22,71,469	4,00,51,09,167	–
Previous year	–	–	–	–	–	–	–	–	–	–

Notes

- (a) Toll Collection Rights represent the project highway and its components constructed by the Company on Build Operate Transfer (“BOT”) basis under the Concession Agreement dated June 17, 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. In terms of clause 14.3.2 of the aforesaid agreement, the Company had received the approval of the Independent Engineer vide his letter dated November 14, 2013 for operating part of the project highway and the proportionate costs on that date are capitalised as Toll Collection Rights.
- (b) The Company amortises the Toll Collection Rights (“TCR”), in terms of the notification no.G.S.R. 298(E) dated April 17, 2012, issued by the Ministry of Corporate Affairs, on Amortisation of Intangible assets created under Build, Operate and Transfer, Build, Own Operate and Transfer and other modes of Public Private Partnership route.
- (c) Depreciation and Amortisation charged to Statement of Profit and loss :

Particulars	Depreciation ₹	Amortisation ₹	Total ₹
As per Note E(I) & E(II) above	46,57,999	1,22,71,469	1,69,29,468
Less : Included in Pre-operative expenses	4,56,957	–	4,56,957
Charged to Statement of Profit and loss	42,01,042	1,22,71,469	1,64,72,511

As at 01.04.2013	Additions for the year	Less: Capitalised	As at 31.03.2014
₹	₹	₹	₹

E(III) INTANGIBLE ASSETS UNDER DEVELOPMENT

Toll collection rights				
a) Construction cost	3,31,55,04,735	99,37,77,165	3,47,61,47,514	83,31,34,386
b) Other direct costs	11,26,62,821	32,41,78,622	26,83,24,533	16,85,16,910
TOTAL (A)	3,42,81,67,556	1,31,79,55,787	3,74,44,72,047	1,00,16,51,296

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	As at 01.04.2013	Additions for the year	Less: Capitalised	As at 31.03.2014
	₹	₹	₹	₹
c) Pre-operative expenses pending allocation				
Salaries and wages	1,48,02,230	58,95,981	1,44,94,984	62,03,227
Contribution to and provisions for :				
Provident fund (Refer note O(3)(a))	7,40,464	3,22,228	7,66,547	2,96,145
Gratuity (Refer note O(3)(b)(ii)(a))	3,02,914	157,448	248,360	212,002
Leave encashment (Refer note O(3)(b)(ii)(b))	5,12,742	48,888	4,20,398	1,41,232
Staff welfare expenses	9,53,988	8,74,430	12,17,413	6,11,005
Power and fuel	1,67,243	96,016	1,88,385	74,874
Rent (Refer note O(7))	10,66,360	5,98,903	11,35,930	5,29,333
Rates and taxes	5,125	34,965	4,202	35,888
Travelling and conveyance	69,73,003	34,49,323	72,90,615	31,31,711
Communication expenses	4,72,483	1,17,208	4,43,934	1,45,757
Printing and stationery	6,20,518	3,26,600	7,13,847	2,33,271
Insurance	28,46,814	2,90,202	26,50,735	4,86,281
Professional fees	2,26,78,888	1,78,64,333	2,37,84,250	1,67,58,971
Bank charges	11,83,089	2,52,289	11,60,142	2,75,236
Repairs and maintenance	16,60,263	17,07,147	20,59,220	13,08,190
Miscellaneous expenses	10,43,355	3,04,893	11,31,797	2,16,451
Depreciation	10,32,997	4,56,957	11,09,995	3,79,959
Finance costs (Refer note E(III)(a) below)	13,40,58,921	14,95,36,987	21,84,93,887	6,51,02,021
TOTAL (B)	19,11,21,397	18,23,34,798	27,73,14,641	9,61,41,554
GRAND TOTAL (A + B)	3,61,92,88,953	1,50,02,90,585	4,02,17,86,688	1,09,77,92,850
Note E(III)(a):				
Finance costs:				
Upfront fees	98,82,880	-	81,99,803	16,83,077
Interest on term loans	12,57,82,499	15,04,17,636	21,23,57,631	6,38,42,504
SUB TOTAL (I)	13,56,65,379	15,04,17,636	22,05,57,434	6,55,25,581
Less : Income from temporary investments out of specific borrowings				
Gain on sale of current investments	20,66,978	8,80,649	24,45,639	5,01,988
Interest income from bank deposits	1,644	-	1,364	280
Less : Current tax thereon	4,62,164	-	3,83,456	78,708
SUB TOTAL (II)	16,06,458	8,80,649	20,63,547	4,23,560
TOTAL (I) - (II)	13,40,58,921	14,95,36,987	21,84,93,887	6,51,02,021
	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹

NOTE : F**Long term loans and advances**

Capital advances (unsecured, considered good)

Ultimate holding company

Others

Security deposits

TOTAL

-

1,13,77,342**5,46,135****1,19,23,477**

2,84,38,378

1,20,92,345

4,47,950

4,09,78,673

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	As at 31.03.2014		As at 31.03.2013	
	Units	₹	Units	₹
NOTE G(I)				
Current investments				
Investment in mutual funds - Quoted (Refer note below)				
IDFC cash fund - Growth (Regular Plan) (Face value ₹ 1000)	1,092	16,95,022		
L&T Ultra short term fund (Face value ₹ 10)			52,75,633	10,00,00,000
TOTAL		16,95,022		10,00,00,000

Note:

Particulars	Market Value (₹)
IDFC Cash fund - Growth (Regular Plan)	17,03,072
L&T Ultra short term fund	10,03,16,012

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
NOTE G(II)				
Cash and cash equivalents				
Balances with banks:				
in current accounts	45,87,761		13,39,913	
in deposit accounts with maturity less than three months (including interest accrued thereon)	-		19,96,81,808	
		45,87,761		20,10,21,721
Cash on hand		33,96,004		-
TOTAL		79,83,765		20,10,21,721

NOTE G(III)**Short term loans and advances**

Unsecured, considered good				
Security deposits		66,804		-
Grant receivable from NHAI		-		56,31,23,875
Prepaid expenses		8,39,933		6,13,276
Utility shifting charges recoverable		36,42,607		30,53,420
Income tax receivable of previous years (net of provisions)		25,33,427		3,76,235
Income tax receivable of current year		42,39,981		-
Works contract tax receivable		29,14,590		24,42,736
Advances recoverable in cash or kind		4,96,728		1,65,256
TOTAL		1,47,34,070		56,97,74,798

NOTE H**Contingent liabilities and Commitments**

Contingent liabilities as at March 31, 2014 ₹ Nil (previous year: ₹ Nil).

Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2014 ₹ 29,68,60,349 (previous year: ₹ 1,03,54,25,767).

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE I				
Revenue from operations				
Fee collection from users of facility		10,35,05,402		—
TOTAL		<u>10,35,05,402</u>		<u>—</u>
NOTE J				
Other income				
Interest income on bank deposits		13,87,296		2,02,192
Profit on sale of current investments		1,91,29,428		2,32,13,815
Others		—		35,475
TOTAL		<u>2,05,16,724</u>		<u>2,34,51,482</u>
NOTE K				
Operating expenses				
Toll management fees		85,32,712		—
Security services		16,21,564		—
Insurance		8,30,166		—
Repairs and maintenance:				
Periodic major maintenance expense	2,07,00,814		—	
Toll road and bridges	34,69,980		—	
Plant and machinery	3,37,883		—	
Others	49,08,601		—	
		2,94,17,278		—
Power and fuel		38,90,447		—
TOTAL		<u>4,42,92,167</u>		<u>—</u>
NOTE L				
Employee benefit expenses				
Salaries, wages and bonus		71,86,990		—
Contributions to and provisions for:				
Provident fund (Refer O(3)(a))	3,36,550		—	
Gratuity (Refer note O(3)(b)(ii)(a))	2,30,922		—	
Compensated absences (Refer note O(3)(b)(ii)(b))	19,357		—	
		5,86,829		—
Staff welfare expenses		11,98,225		—
TOTAL		<u>89,72,044</u>		<u>—</u>
NOTE M				
Finance costs				
Interest on borrowings		8,00,88,103		—
Others		1,57,858		—
TOTAL		<u>8,02,45,961</u>		<u>—</u>

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE N				
Administration and other expenses				
Rent, rates and taxes		1,78,878		19,772
Professional fees (Refer note (a) below)		16,51,482		2,08,669
Postage and communication		2,84,625		–
Printing and stationery		5,08,601		–
Travelling and conveyance		26,84,301		–
Bank charges		4,88,159		–
Miscellaneous expenses		10,60,993		–
TOTAL		68,57,039		2,28,441

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

	2013-14	2012-13
	₹	₹
a) As auditor	2,24,720	1,12,360
b) For taxation matters	1,12,360	–
c) For Company law matters	10,674	19,638
d) For other services	51,684	48,581
TOTAL	3,99,438	1,80,579

NOTE O - Other notes forming part of accounts**O(1) Corporate Information**

L&T Devihalli Hassan Tollway Limited 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 including the construction period commencing from December 14, 2010 is 30 years.

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

O(3) Disclosure pursuant to Accounting Standard (AS) 15 (revised) on Employee benefits:

(a) Defined contribution plan :

An amount of ₹ 6,58,778 (previous year : ₹ 3,41,479), being the contribution to provident fund is recognised as employee benefit expense during the year. Out of the above, ₹ 3,36,550 (previous year : ₹ Nil) is charged to the Statement of Profit and loss and ₹ 3,22,228 (previous year: ₹ 3,41,479) is included in Pre-operative expenses pending allocation.

(b) Defined benefit plan :

(i) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
– Wholly funded	–	–	–	–
- Wholly unfunded	7,47,249	3,02,914	6,07,199	5,12,742
	7,47,249	3,02,914	6,07,199	5,12,742
B) Amount to be recognised as liability or (asset)	7,47,249	3,02,914	6,07,199	5,12,742
Amounts reflected in the Balance Sheet				
Liabilities	7,47,249	3,02,914	6,07,199	5,12,742
Net Liability / (asset)	7,47,249	3,02,914	6,07,199	5,12,742

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(ii) The amounts recognised in the Statement of Profit and loss/included in Pre-operative expenses pending allocation are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹
1 Current service cost	59,772	38,460	28,148	1,14,533
2 Interest on defined benefit obligation	25,748	7,069	43,583	10,914
3 Actuarial losses/(gains)	3,58,815	1,74,218	60,998	2,58,893
4 Adjustment for earlier years	(55,965)	-	(64,484)	-
Total (1 to 4)	3,88,370	2,19,747	68,245	3,84,340
I Amount included in "employee benefit expenses"	3,88,370	2,19,747	68,245	3,84,340
II Amount included as part of "finance costs"	-	-	-	-
Total (I + II)	3,88,370	2,19,747	68,245	3,84,340

(a) Out of the above Gratuity expense of ₹ 3,88,370 during the year, ₹ 2,30,922 is charged to the Statement of Profit and loss (previous year: ₹ Nil) and ₹ 1,57,448 (previous year: ₹ 2,19,747) is included in Pre-operative expenses pending allocation.

(b) Out of the above Compensated absence expense of ₹ 68,245 during the year, ₹ 19,357 is charged to the Statement of Profit and loss (previous year: ₹ Nil) and ₹ 48,888 (previous year: ₹ 3,84,340) is included in Pre-operative expenses pending allocation.

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

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	3,02,914	83,167	5,12,742	1,28,402
Add: Current service cost	59,772	38,460	28,148	1,14,533
Add: Interest cost	25,748	7,069	43,583	10,914
Add/(less): Actuarial losses/(gains)	3,58,815	1,74,218	60,998	2,58,893
Less: Benefits paid	-	-	38,272	-
Add: Past service cost	-	-	-	-
Closing balance of the present value of defined benefit obligation	7,47,249	3,02,914	6,07,199	5,12,742

(iv) Principal actuarial assumptions as at the Balance Sheet date:

Particulars	As at 31.03.2014	As at 31.03.2013
1 Discount rate	8.50%	8.50%
2 Salary growth rate	6.00%	6.00%
3 Attrition rate	5.00%	5.00%

O(4) Disclosure pursuant to Accounting Standard (AS) 16 "Borrowing Costs"

Borrowing cost capitalised during the year (net of income from temporary investments out of specific borrowings) is ₹ 14,95,36,987 (previous year : ₹ 12,04,72,589).

O(5) Disclosure pursuant to Accounting Standard (AS) 17 "Segment Reporting"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on Design Build Finance Operate and Transfer basis in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India. Hence, disclosure of secondary / geographical segment information does not arise.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)**O(6) Disclosure of related parties / related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures"****a) List of related parties**

Holding Company	L&T Infrastructure Development Projects Limited
Ultimate holding company	Larsen & Toubro Limited
Fellow subsidiaries	L&T Chennai Tada Tollway Limited
	L&T Ahmedabad Maliya Tollway Limited
	L&T Transportation Infrastructure Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Vadodara Bharuch Tollway Limited
	L&T Rajkot Vadinar Tollway Limited
	L&T East West Tollway Limited
	L&T Halol Shamlaji Tollway Limited
	L&T Krishnagiri Thopur Tollroad Limited
	L&T General Insurance Company Limited

b) Disclosure of related party transactions (incl. service tax wherever applicable)

Particulars		2013-14	2012-13
		₹	₹
1	Holding company		
	L&T Infrastructure Development Projects Limited		
	• Short term unsecured loan received	9,00,00,000	50,00,000
	• Purchase of goods and services	1,46,16,596	84,89,732
	• Advance received	28,00,000	2,30,00,000
	• Interest paid on unsecured loan	1,92,329	13,185
	• Advance paid	54,899	2,52,212
	• Reimbursement of expenses to	3,500	–
2	Ultimate holding company		
	Larsen & Toubro Limited		
	• Mobilisation advance paid/(adjusted)	(2,84,38,379)	(33,99,90,181)
	• Purchase of goods and services	99,40,46,925	2,03,97,35,423
	• Reimbursement of expenses from	–	5,94,002
	• Reimbursement of expenses to	33,73,238	11,37,616
3	Fellow Subsidiaries		
	L&T Chennai - Tada Tollway Limited		
	• Sale of fixed assets	18,151	–
	L&T Ahmedabad Maliya Tollway Limited		
	• Purchase of fixed assets	6,944	–
	L&T Transportation Infrastructure Limited		
	• Unsecured loan received	14,30,00,000	–
	• Interest paid on unsecured loan	9,26,837	–
	L&T Krishnagiri Walajahpet Tollway Limited		
	• Advance paid	27,461	–
	• Reimbursement of expenses to	36,300	–
	• Exchange of coins	2,63,700	–
	L&T Vadodara Bharuch Tollway Limited		
	• Exchange of coins	6,50,000	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	2013-14	2012-13
	₹	₹
L&T Rajkot-Vadinar Tollway Limited		
• Purchase of fixed assets	24,26,684	–
• Reimbursement of expenses to	93,573	–
L&T East West Tollway Limited		
• Purchase of fixed assets	44,606	–
• Reimbursement of expenses from	–	9,000
L&T Halol Shamlaji Tollway Limited		
• Purchase of fixed assets	5,58,799	26,05,205
• Reimbursement of expenses to	–	2,62,339
L&T Krishnagiri Thopur Tollroad Limited		
• Reimbursement of expenses from	94,700	–
L&T General Insurance Company Limited		
• Insurance premium paid	33,88,943	15,32,693
• Claims received	–	34,100

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
	Due (to)/from	Due (to)/from
Holding Company		
L&T Infrastructure Development Projects Limited	(9,72,48,083)	–
Ultimate Holding Company		
Larsen and Toubro Limited	(3,12,31,061)	2,79,76,136
Fellow subsidiaries		
L&T Ahmedabad Maliya Tollway Limited	(2)	–
L&T Rajkot Vadinar Tollway Limited	(25,20,257)	–
L&T East West Tollway Limited	(44,606)	–
L&T Halol Shamlaji Tollway Limited	(4,52,895)	–

d) No amounts pertaining to related parties have been written off or written back during the period. (previous year: ₹ Nil).

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

The Company has taken office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses for the year is ₹ 7,55,536 (previous year: ₹ 6,50,206). Out of the above, ₹ 1,56,633 is charged to the Statement of Profit and loss and ₹ 5,98,903 (previous year: ₹ 6,50,206) is included in Pre-operative expenses pending allocation.

O(8) Disclosure pursuant to Accounting Standard (AS) 20 “Earnings per share”

Particulars		2013-14	2012-13
		₹	₹
Basic and diluted			
Profit/(loss) after tax as per accounts	A	(2,98,55,170)	1,56,14,208
Weighted average number of equity shares outstanding	B	9,00,00,000	9,00,00,000
Earnings per share (₹)	A/B	(0.33)	0.17
Face value per share (₹)		10.00	10.00

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)**O(9) Disclosure pursuant to Accounting Standard (AS) 22 “Accounting for Taxes on Income”****Components of Deferred Tax Liabilities and Deferred tax assets**

Particulars	2013-14	2012-13
	Due (to)/from	Due (to)/from
Deferred Tax Liabilities (DTL)		
Difference between WDV as per books and tax	11,03,31,232	–
Total	11,03,31,232	–
Deferred Tax Assets (DTA)		
Gratuity	78,490	–
Compensated absences	6,579	–
Unabsorbed depreciation losses	11,59,30,238	–
Total	11,60,15,307	–
Restricted to level of Deferred tax liabilities	11,03,31,232	–
Net Deferred tax liabilities/(assets)	–	–

O(10) Disclosure pursuant to Accounting Standard (AS) 28 “Impairment of Assets”

Based on a review of the future discounted cash flows, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for impairment is made for in the accounts.

O(11) Disclosure pursuant to Accounting Standard (AS) 29 “Provisions, Contingent Liabilities and Contingent Assets”**(a) Nature of provision :**

Periodic major maintenance expense represents provision made for resurfacing obligations in accordance with the terms of the concession agreement with National Highways Authority of India (“NHAI”).

(b) Movement of provision during the year :

Particulars	Amount (₹)
Balance as at April 1, 2013	–
Additional provision during the year	2,07,00,814
Provision used/reversed during the year	–
Balance as at March 31, 2014	2,07,00,814

O(12) Previous year figures are regrouped/reclassified wherever necessary.**NOTE P - Significant accounting policies****1 Basis of accounting**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles (“GAAP”), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain claims, which are not ascertainable/acknowledged are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 “Cash Flow Statements”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

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

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

3 Revenue recognition

- (i) Fee collections from users of facility are accounted for as and when the amount is due and recovery is certain.
- (ii) Dividend income is accounted when the right to receive the same is established.
- (iii) Interest income is accrued at applicable interest rate on time proportion basis.
- (iv) Other items of income are accounted as and when the right to receive arises.

4 Tangible fixed assets

Fixed Assets are stated at original cost less accumulated depreciation and cumulative impairment.

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

5 Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the schedule XIV of the Companies Act, 1956. In respect of the following asset categories depreciation is provided at rates in line with their estimated useful lives.

Category of Asset	Depreciation Rate (p.a)
Furniture and fixtures	10.00%
Vehicles	
Motor cars	14.29%
Motor cycles	9.50%
Tractors	11.11%
Office equipments	25.00%
Computers	
Desktops, laptops, printers	25.00%

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

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.

Improvements to leasehold premises are amortized on a straight line basis over the primary lease period.

6 Intangible assets and amortisation

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.

Carriageway representing toll collection rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such carriageway comprises of construction cost and other pre-operative costs incurred during the construction phase. Such carriageway on completion are capitalised as Intangible asset and are amortised in terms of the notification no.G.S.R.298(E) dated April 17, 2012, issued by the Ministry of Corporate Affairs, on Amortisation of Intangible assets created under Build, Operate and Transfer, Build, Own Operate and Transfer and other modes of Public Private Partnership route.

Pre-operative expenses including administrative and other general overhead expenses, incurred upto the date of commencement of commercial operations and which are specifically attributable to the construction of the carriageway are capitalised as part of cost of the asset. Other expenses have been written off in the year of incurrence of such expenditure.

7 Government Grants

Where the government grant is in the nature of promoter's contribution, i.e., they are given by way of contribution towards its capital outlay and no repayment is ordinarily expected in respect thereof, the grant is treated as a capital reserve.

8 Impairment of assets

The carrying amounts of fixed assets are reviewed at each Balance Sheet date to ascertain whether they are recorded in excess of their recoverable amount. Where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

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

- a) the provision for impairment loss, if any, required; or
- b) the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss, if any is recognized when the carrying amount of an asset or group of assets, as the case may be, exceeds the recoverable amount.

Recoverable amount is determined:

- a) In the case of individual asset, at higher of the net selling price and value in use.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

b) In the case of a cash generating asset, (a group of assets that generates identifiable independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

Value in use is determined as the present value of the estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

9 Employee benefits

The following are the accounting policies of the Company with regard to Employee benefits:

(i) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus, exgratia are recognized in the period in which the employee renders the related service.

(ii) Post employment benefits:

(a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is 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 is a defined benefit plan. The present value of the obligation under such Defined Benefit Plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and loss/included in Pre-operative expenses.

(iii) Other long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

10 Investments

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

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

11 Borrowing costs

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

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

12 Taxes on income

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

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

13 Leases

Assets acquired on leases where a significant portion of 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 accrual basis. Lease rentals specifically attributable to the project are accounted under Pre-operative expenses.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

15 Provisions, contingent liabilities and contingent assets

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

- a) the Company has a present obligation as a result of a past event.
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a present obligation when no reliable estimate is possible and
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

16 Commitments

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

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the management.

17 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 is adjusted for the effects of:

- i) transactions of a non-cash nature
- ii) any deferrals or accruals of past or future operating cash receipts or payments and
- iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(Firm's Registraion No.: 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

Place : Chennai

Date : May 6, 2014

P. RAVINDRANATH

Manager

Place : Chennai

Date : May 6, 2014

J. SUBRAMANIAN

Director

KARTHIKEYAN T. V.

Director